

Department of Economics
(JMS College, Munger)

Class- B.A.III

Paper- Indian Economy

1. Market failure refers to a situation when

- (A) Market does not function
- (B) Market solution occurs if government intervenes
- (C) Social efficiency is not achieved**
- (D) Perfectly competitive firm experiences $P > MC$

2. Public goods are non-rival if

- (A) Some people cannot be prevented from consuming it**
- (B) Consumption by one person reduces consumption of other individuals
- (C) Some people are excluded from consuming it
- (D) All the above

3. The income of the government through all its sources is called

- (A) Public expenditure
- (B) Public revenue**
- (C) Public finance
- (D) None of these

4. The maximum effect of direct taxes is on

- (A) Price of food
- (B) Income**
- (C) Capital goods
- (D) Consumer goods

5. The Wanchoo Committee (1971) probed into

- (A) Direct taxes**
- (B) Indirect taxes
- (C) Agricultural holding tax
- (D) Non-tax revenue

6. Deficit financing means

- (A) Public expenditure in excess of public revenue**
- (B) Public revenue in excess of public expenditure
- (C) Both (A) and (B)
- (D) none of the above

7. Mod vat means

- (A) Modified value added tax**
- (B) Moderate value added tax
- (C) Modest value added tax
- (D) Modern value added tax

8. The revenue of the State Government is raised from the following sources except one, which is that?

- (A) Land revenue
- (B) Agricultural income tax
- (C) Entertainment tax
- (D) Expenditure tax**

9. The Finance Commission does all the following functions except one, which is that?

- (A) Works out allocation of taxes in the divisible pool
- (B) Looks into financial relations between the Centre and the States
- (C) Allocates grants - in - aid to the States and Union Territories
- (D) Assist the Planning Commission in making 5 year plans.**

10. The methods of restoring resource balance between different governments in a federal set-up is based on

- (A) Tax sharing
- (B) Grants -in-Aid
- (C) Loans
- (D) All the above**

11. Finance Commission determines

- (A) The finances of Government of India
- (B) The resources transfer to the State**
- (C) The resources transfer to the various departments
- (D) None of the above

12. Federal Finance deals with

- (A) State finances
- (B) Finances of railways
- (C) Local bodies
- (D) Centre-State financial relations**

13. Primary deficit means:

- (A) Fiscal deficit- Interest**
- (B) Revenue deficit-interest payments
- (C) Fiscal deficit+ revenue deficit
- (d) Budgetary deficit

14. Non-Plan Grants are determined by

- (A) Planning Commission
- (B) Finance Commission
- (C) Central Government**
- (D) State Government

15. Public Debt Management refers to

- (A) Terms of new bonds
- (B) Proportion of different components of public debt**
- (C) Maturity
- (D) All the above

16. Public Expenditure increases

- (A) Interest rate
- (B) Employment**
- (C) Exports
- (D) Imports

17. Central Assistance for State and UT plan is a part of

- (A) Plan Expenditure
- (B) Revenue Expenditure
- (C) Non-Plan Expenditure**
- (D) None of the above

18. Deficit financing includes

- (A) Borrowing from the Central Bank
- (B) Issues of new currency by the Government
- (C) Withdrawal of past accumulated cash balance by the government
- (D) All the above**

19. The had recommended certain reforms on the devolution of Grant – in – Aid (Plan fund) to LsGs from 2006-07 to 2010-11

- (A) 3rd State Finance Commission**
- (B) 2nd State Finance Commission
- (C) 1st State Finance Commission
- (D) None of the above

20. There is a view that reduced rates on income tax would lead to a significant rise in income tax revenue. This view has been attributed to

- (A) Herbert Simon
- (B) Arthur Laffer**
- (C) Robert Lucas
- (D) J.B. Say

21. Functional Finance functions through

- (A) Buying and selling
- (B) Giving and taking**

- (C) Lending and borrowing
- (D) All the above**

22. The ideal system of public Finance is one where the net benefit is

- (A) Maximum**
- (B) Minimum
- (C) Zero
- (D) Infinity

23. The burden of long term public debt is on:

- (A) Present generation
- (B) Past generation
- (C) Future generation**
- (D) None of these

24. Public debt leads to extravagance, encouraged resort to war and induced bad economic conditions. This statement is of:

- (A) Dalton
- (B) Adam Smith
- (C) J.K. Mehta
- (D) Findley Shirras**

25. The main objective of taking private loan is:

- (A) To achieve public objectives
- (B) To achieve personal objectives**
- (C) To achieve long term objectives
- (D) None of these

26. Shortcoming of public debt is:

- (A) Political slavery
- (B) Danger of insolvency
- (C) Danger to country's freedom
- (D) all of the above**