Department of Economics
(JMS College, Munger)

Class- B.A.II ***Paper- Public Finance***

01. “The government which taxes the least is the best”, is the belief of:
(A) Mercantilists (B) Physiocrates (C) Modern **(D) Classical**

02. According to Laffer, when the tax rate is 100 percent, the tax revenue will be:
(A) 100% (B) 50% (**C) Zero** (D) 10%

03. Incidence of a tax refers to the--------------burden of tax:
(A) Initial **(B) Ultimate** (C) Intermediate (D) None

04. In the case of regressive tax, the rate of tax---------------------as income increases:
(A) Increases (B) remains constant (**C) Decreases** (D) None

05. Advolo-rum duties are levied on:
(A) Length (B) Weight (C) Utilities **(D) Value**

06. Tax avoidance is:
(A) Illegitimate **(B) Legitimate** (C) Punishable (D) None

07. The VAT was first introduced in:
(A) India (B) Britain (C) USA (D**) France**

08. Customs duties are imposed on commodities as they cross:
(A) State boundaries (B) District boundaries **(C) National boundaries** (D) Municipal boundaries

09. Contra-cyclical fiscal policy was popularized by:
(A) Adam Smith (B) Dalton (C) J.B. Say **(D) Keynes**

10. Deficit financing as a tool of fiscal policy was suggested by:
(A) Keynes (B) Dalton (C) J.B. Say (D) Marshall

11. Keynes popularized:
(A) Monetary policy **(B) Fiscal Policy** (C) Income policy (D) Price policy

12. A budget where there is excess of expenditure over revenue is called:
(A) Surplus (**B) Deficit** (C) Balanced (D) Zero-based

13. The balanced budget principle was advocated by:
(A) Keynesians (B) Mercantilists **(C) Classical school** (D) Neo-Classical school

14. Which one of the following is not a tax base?
(A) Income (B) wealth **(C) Utility** (D) Consumption

15. Equals treated equally in taxation leads to:
(A) Vertical equity (B) Real equity **(C) Horizontal equity** (D) None

16. Which one of the following is not a public utility?
(A) Electricity (B) Water supply (C) Gas service **(D) Tourism**

17. The largest component of revenue expenditure in India is:
(A) Pension **(B) Interest payments** (C) Education (D) Health

18. The Classical economists asserted that public expenditure is:
(A) Unproductive (B) Productive (C) stagnant (D) All of these

19. Wagner's Law is related to:
(A) Public revenue **(B) Public expenditure** (C) Public debt (D) Budget

20. The largest component of revenue expenditure in India is:
(A) Pension **(B) Interest payments** (C) Education (D) Health

21. .Adolph Wagner was a-----------------Economist:
(A) French **(B) German** (C) Indian (D) American

22. Who is the exponent of Law of Increasing State Activities?
(A) Dalton (B) Pigou (C) Smith **(D) Wagner**

23. The Displacement effect hypothesis was formulated by:
(A) Peacock and Wiseman (B) Pigou (C) Smith (D) Musgrave

24. The financial year in India starts from:
(A) 1st January (B) 31st March **(C) 1st April** (D) 1st July

25. Salaries and pensions paid by governments are called:
(A) Capital expenditure (B) Development expenditure **(C) Revenue expenditure** (D) Plan expenditure