

# HERAMB COACHING CLASSES

TYBCOM/Economics/06.11.17

Marks: 75

Duration: 2 ½ Hours

**Note: All Questions are Compulsory**

**Q.1. Attempt any two from the following:** (15)

- a) Define Public Finance. Explain its scope and Functions.
- b) Examine the R. Musgrave's interpretation of Principle of MSA with Diagram.
- c) Write a note on Sound Finance and Functional Finance.

**Q.2. Attempt any two from the following:** (15)

- a) Examine the relative merits and demerits of Direct Taxes.
- b) Explain the role of Indirect Taxes in Developing Economies like India.
- c) Explain the influence of Elasticity of Demand and Supply on Incidence and shift of Taxation.

**Q.3. Attempt any two from the following:** (15)

- a) Define Public Expenditure. Give Classification of Public Expenditure.
- b) Examine the debt burden of Internal and External Debt.
- c) Give main features of FRBM (Amended) Act, 2004.

**Q.4. Attempt any two from the following:** (15)

- a) Explain the components of Organised Sector of Indian Money Market
- b) Examine the reforms undertaken by the government towards development of Money Market since 1991.
- c) Describe the significance of Capital Market in Economic Development of India.

**Q.5. (A) State whether the following are True or False with Reasons: (Any 4)** (08)

- 1) Redistributive Taxation was a concept given by traditional economists.
- 2) Principle of Maximum Social Advantage has no limitations.
- 3) Tax burden can be shifted even without an exchange transaction involving goods and services.
- 4) Cannon of Equity is a merit of Indirect Taxes.
- 5) All Capital Expenditure is Development Expenditure.
- 6) Increase in Government activities is considered as one of the main reasons for rise in public expenditure according to Adolf Wagner.
- 7) The market for lending and borrowing of long-term funds is called Capital Market.
- 8) SEBI was established in the year 1989 and started function from 1992.

**Q.5. (B) Select appropriate option and rewrite the statements: (Any 7)** (07)

- 1) Maximum Social Advantage is achieved when
  - a) Marginal Social Sacrifice = Marginal Social Benefit
  - b) Total Social Sacrifice = Total Social Benefit
  - c) Average Social Sacrifice = Average Social Benefit
  - d) Net Social Sacrifice = Net Social Benefit
- 2) Maximum Welfare Principle of Budget Determination is associated with
  - a) Adam Smith
  - b) Edwin Seligman
  - c) Hugh Dalton
  - d) Richard Musgrave
- 3) The modern state is:
  - a) Laissez –faire state
  - b) Welfare state
  - c) Aristocratic state
  - d) Police state

- 4) Which tax cannot be shifted to others?
- Excise duty
  - Sales tax
  - Entertainment tax
  - Wealth tax
- 5) A tax levied upon a firm as a percentage of its value added
- Merit tax
  - VAT
  - Turnover tax
  - Sales tax
- 6) Modvat means
- Modified value added tax
  - Moderate value added tax
  - Modest value added tax
  - Modern value added tax
- 7) Which of the following is not true of public budget?
- A budget contains only proposals of taxation.
  - It refers to the policies of the government.
  - It contains the estimated receipts and proposed expenditure.
  - It reflects the programmes of the government.
- 8) Pick out the factor which is not a part of revenue budget.
- Current consumption expenditure on commodities.
  - Current consumption expenditure on services
  - Transfer payments
  - Expenditure on machinery
- 9) Debts which have to be paid at some specific future date are known as –
- Redeemable Debts
  - Irredeemable Debts
  - Treasury
  - None of the above
- 10) Gilt edged securities refer to
- Government Securities
  - Securities issued by municipal corporations
  - Securities issued by first class companies
  - None of these
- 11) Which of the following statement regarding S.E.B.I is not correct?
- It regulates the business in stock markets and other securities markets.
  - It was set up in 1988 and given statutory recognition in 1992.
  - It fixes prices of I.P.Os (Initial Public Offer) in the stock market.
  - It regulates substantial acquisition of shares and takeover of companies.
- 12) Industrial Securities Market is a market for shares and debentures of –
- The existing firms
  - New corporate firms
  - Both (a) and (b)
  - None of the above