

**Objectives Type Questions –**

1. Modern public finance presupposes the:
  - (a) Existence of a barter economy
  - (b) Existence a money economy
  - (c) Money of the above two
  - (d) Both of the two
2. Public goods presupposes:
  - (a) Rival consumption
  - (b) Knowledge
  - (c) Externalities
  - (d) None of the above three
3. Private goods have the basic characteristic of :
  - (a) Rival consumption
  - (b) Ignorance
  - (c) Externalities
  - (d) Non-identical payee and beneficiary
4. The principle of maximum social advantage was propounded by:
  - (a) Adam Smith
  - (b) A.C. Pigou
  - (c) Hugh Dalton
  - (d) R.A. Musgrave
5. A public budget is :
  - (a) an account of the whole economy
  - (b) an account of an individual
  - (c) a financial plan covering revenues and expenditure of the government
  - (d) a statement of the physical output of the country.
6. A balanced budget is one in which:
  - (a) government revenue exceeds government expenditure
  - (b) tax revenue falls short of current government expenditure
  - (c) government revenue equals government expenditure
  - (d) none of the above
7. PPBS is a:
  - (a) traditional technique of budgeting
  - (b) new technique of budgeting
  - (c) none of the two
  - (d) both of the two
8. ZBB has many advantages such as:
  - (a) a clear establishment of goals
  - (b) offers more information on choices
  - (c) more efficient allocation of resources
  - (d) all of the three
9. The term 'Development Deficit Financing' is used in the context of:
  - (a) Industrialized economies
  - (b) Under-developed economies
  - (c) both of the above
  - (d) none of the above
10. Deficit financing is always:
  - (a) Good
  - (b) Bad
  - (c) Neither good nor bad in itself
  - (d) none of the above
11. Who has classified public expenditure into optional and obligatory?
  - (a) Adams
  - (b) Shirras
  - (c) Pigou
  - (d) Dalton
12. Who has classified public expenditure into primary and secondary?
  - (a) Dalton
  - (b) Nicholson
  - (c) Shirras
  - (d) Adams
13. "Taxation is a hail which destroys part of the crop". Who made this statement?
  - (a) Hume Dalton
  - (b) Adam Smith
  - (c) J. S. Mill
  - (d) De Vill de Marco
14. Who stated that a "shift in the patterns of public expenditures represents one of the most effective techniques possesses to improve the condition o the poor."
  - (a) C. F. Bastable
  - (b) Robert S. McNamara
  - (c) Milton Friedman
  - (d) J. M. Keynes
15. A direct tax is one that is really paid by the person on whom it is legally imposed. It is a correct statement?
  - (a) No
  - (b) Yes
  - (c) Both
  - (d) none of the two

16. "It is not easy to trace the origin of the terms 'direct' and 'indirect' as a technical classification." Who stated this?  
(a) Adam Smith (b) V. K. Hicks  
(c) Hugh Dalton (d) Findlay Shirras
17. In which country were taxes classified into "assessed taxes" and "customs and excises"?  
(a) the USA (b) the UK  
(c) Germany (d) France
18. Who presented the standard defence of progressive taxation in 1894?  
(a) Harley L. Lutz (b) E.R.A. Seligman  
(c) F.W. Taussig (d) Alfred Marshall
19. Evasion may be:  
(a) Legitimate (b) illegitimate  
(c) Both of the two (d) none of the two
20. The taxpayer who bears the impact of the tax is:  
(a) de facto taxpayer (b) de jure taxpayer  
(c) None of the two (d) both of the two
21. Taxes can be shifted:  
(a) Forward (b) backward  
(c) None of the two (d) both of the two
22. Public debt may be:  
(a) Internal and external (b) reproductive and deadweight  
(c) Voluntary and forced (d) all of the above
23. Classical writers were generally:  
(a) Against public borrowing (b) in the favour of public borrowing  
(c) Neutral between taxation and borrowing (d) none of the above
24. Keynes said that public borrowing need not necessarily be:  
(a) Unproductive (b) inflationary  
(c) Burdensome (d) none of the above
25. The concept of budget incidence was propounded by-  
(a) Hume Dalton (b) Lady U.K. Hicks  
(c) R.A. Musgrave (d) Earl Rolph
26. Who recommended VAT for Japan in 1949?  
(a) Van Siemens (b) Carl S. Shoup  
(c) David Stout (d) Richardson Committee
27. Wagner was?  
(a) French (b) Austrian  
(c) German (d) Italian
28. Deficit financing is the method of :  
(a) financing plan expenditure (b) classifying plan outlay  
(c) collecting tax revenue (d) non of the above
29. Modern public finance has:  
(a) Narrow scope (b) Wider scope  
(c) None of the two (d) Both of the two
30. Progressive taxes are preferable because they:  
(a) are productive of revenue (b) promote social justice  
(c) are economical (d) all the above