

12th Economics Lesson 7 Questions in English

7] Fiscal Economics

1. Which of the following statement is correct?

1) The term 'Fiscal Economics' is a new one; the old and popular term of the subject is 'Public Finance'.

2) The term fiscal is derived from Greek word which means basket and symbolizes the public purse

3) The subject Public Finance is related to the financing of the State activities and it discusses the financial operations of the Government treasury.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

2. The modern state is a _____

a) Laissez-faire state

b) Aristocratic state

c) Welfare state

d) Police state

3. Who among the following stated this: "Public finance is an investigation into the nature and principles of the state revenue and expenditure".

a) John Dalton

b) Hume Dalton

c) Adam Smith

d) George Floyd

4. How many major sub-divisions are included in Public Finance?

a) 4

b) 6

c) 5

d) 2

5. Which of the following statement is correct?

1) Public revenue deals with the methods of raising public revenue such as tax and non-tax, the principles of taxation, rates of taxation, impact, incidence and shifting of taxes and their effects

2) Public Expenditure part studies the fundamental principles that govern the Government expenditure, effects of public expenditure and control of public expenditure

3) Taxes, subsidies, public debt and public expenditure are the instruments of fiscal policy

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

6. Assertion (A): Public finance deals with study of income, expenditure, borrowing and financial administration of the government

Reason(R): Both public and private finance are fundamentally similar in nature but different from each other on various operational aspects.

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

7. Which of the following statement is correct?

1) Both public finance and private finance are based on rationality.

2) Both have to apply restraint with regard to borrowing

3) Both the private and public sectors have limited resources at their disposal.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

8. Assertion (A): The effectiveness of measures of the Government as well as private depends on the

administrative machinery

Reason(R): If the administrative machinery is inefficient and corrupt it will result in wastages and losses.

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

9. Which of the following statement is correct?

- 1) The government can borrow from internal and external sources; it can borrow from the people by issuing bonds.
- 2) The private sector aims to provide social benefit in the economy.
- 3) The government can print currency which involves the creation, distribution and monitoring of currency

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

10. Assertion (A): The primary function of the Government is to protect the people from external

aggression and internal disorder.

Reason(R): The government has to maintain adequate police and military forces and render protective services.

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

11. Which of the following statement is correct?

- 1) Rendering justice and settlement of disputes are the concern of the government
- 2) The regulation and control of private enterprise fall under the purview of the modern State.

3) Ownership of certain enterprises and operating them successfully are the responsibilities of the government

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

12. Which of the following provisions should be made by government?

- 1) Education
- 2) Social security
- 3) Social insurance
- 4) Health

- a) 1, 2, 4
- b) 1, 3, 4
- c) 2, 3, 4
- d) All the above

13. Assertion (A): The Government needs to intervene with fiscal measures to redistribute income.

Reason(R): Concentration of economic power is another evil to be corrected by the Government

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

14. Whose spending refers to Public expenditure?

- 1) State government
- 2) Central government
- 3) Local government

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

15. Who classified the public expenditure on the basis of benefit?

- 1) Adam Smith
- 2) Cohn
- 3) Plehn

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

16. Match the following

I. Protection Functions - 1. Public expenditure incurred for the development infrastructure

II. Commercial Functions - 2. Development of means of transport and communication

III. Development Functions - 3. Public expenditure incurred on the security

a) 3, 1, 2

b) 2, 1, 3

c) 3, 2, 1

d) 2, 3, 1

17. Which of the following functions has to be performed by a modern state?

1) Social

2) Economical

3) Political

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

18. Which of the following statement is correct?

1) During the past 67 years of planning, the population of India has increased from 36.1 crore in 1951, to 151 crores in 2011

2) The growth in population requires massive investment in health and education, law and order, etc

3) Young population requires increasing expenditure on education & youth services

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

19. Assertion (A): There has been enormous increase in defence expenditure in India during planning period.

Reason(R): The defence expenditure has been increasing tremendously due to modernisation of defence equipment

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

20. On which of the following Government of India has been providing subsidies?

1) Fertilizer

2) Education

3) Food

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

21. What was the interest payment central government during 1990-91?

a) 21 crores

b) 21,500 crores

c) 2105 crores

d) None

22. What % of population was urban based during 1950-51?

a) 40

b) 17

c) 23

d) 29

23. How many cities have population above 1 million?

a) 4

b) 54

c) 24

d) 30

24. Assertion (A): Setting up of basic and heavy industries involves a huge capital and long gestation period.

Reason(R): The developed countries need a strong of infrastructure like transport, communication, power, fuel, etc

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

25. Assertion (A): Public revenue occupies an important place in the study of public finance.

Reason(R): The amount of public revenue to be raised depends on the necessity of public expenditure and the people's ability to pay.

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

26. Who classified Public income as wide and narrow sense?

a) Adam Smith

b) Dalton

c) Llyod

d) M.S. Swaminathan

27. Which of the following statement about wide and narrow sense of public income is correct?

1) In its wider sense it includes all the incomes or receipts which a public authority may secure during any period of time.

2) In its narrow sense, it includes only those sources of income of the public authority which are ordinarily known as "revenue resources."

a) 1 alone

b) 2 alone

c) 1, 2

d) None

28. In which of the following sense the loans raised by the Government included?

a) Narrow sense

b) Broad sense

c) Either a or b

d) Both a and b

29. Which of the following statement is correct?

1) Tax is a compulsory payment by the citizens to the government to meet the public expenditure

2) It is legally imposed by the government on the tax payer and in no case tax payer can refuse to pay taxes to the government.

a) 1 alone

b) 2 alone

c) 1, 2

d) None

30. Who among the following stated this: "A Tax is a compulsory payment made by a person or a firm to a government without reference to any benefit the payer may derive from the Government."

a) Adam Smith

b) Dalton

c) Anatol Murad

d) Llyod

31. Which of the following statement is correct?

1) A tax is levied as a fine or penalty for breaking law

2) Every tax involves some sacrifice on part of the tax payer.

3) Refusal to pay the tax is a punishable offence.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

32. Which of the following are tax revenue sources?

1) Income tax

2) Sales tax

3) Surcharge and Cess

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

33. Which of the following statement is correct?

1) Fees are another important source of revenue for the government.

2) A fee is charged by public authorities for rendering a service to the citizens.

3) Fees are charged for issuing of passports, driving licenses, etc.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

34. Assertion (A): The Government also gets revenue by way of surplus from public enterprises

Reason(R): A fine is a penalty imposed on an individual for violation of law.

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

35. Dues to a public park comes under _____

- a) Gifts, Grants and Aids
- b) Fine
- c) Earnings from Public Enterprises
- d) Special assessment of betterment levy

36. Which of the following statement is correct?

1) A grant from one government to another is an important source of revenue in the modern days

2) Grants from foreign countries are known as Foreign Aid.

3) The government at the Centre provides grants to State governments and the State governments provide grants to the local government to carry out their functions

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

37. _____ refers to the claim of the state to the property of persons who die without legal heirs

- a) Fine

b) Fees

c) Escheats

d) Special assessment of betterment levy

38. Who accorded four cannons of taxation?

- a) Adam Smith
- b) Dalton
- c) Andrew ruse
- d) Steven Smith

39. Which of the following is not a Canons of Taxation?

- a) Economical
- b) Certain
- c) Equitable
- d) Equal

40. Which of the following statement is correct?

1) The Government should impose tax in such a way that the people have to pay taxes according to their ability

2) The Government must ensure that there is no uncertainty regarding the rate of tax or the time of payment

3) According to Smith, the Government should impose only those taxes whose collection costs are very less and cheap.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

41. Which of the following statement is correct?

1) A direct tax is referred to as a tax levied on person's income and wealth and is paid directly to the government; the burden of such tax cannot be shifted

2) The tax is regressive in nature.

3) The plans and policies of the Direct Taxes are being recommended by the Central Board of Direct Taxes (CBDT) which is under the Ministry of Finance, Government of India

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

42. I am buying a match box, the tax of it is paid to government comes under the Responsibility of _____

- a) Buyer
- b) Manufacturing company
- c) Seller
- d) None

43. Assertion (A): Direct taxes are progressive

Reason(R): rate of tax varies according to tax base.

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

44. Which of the following statement is correct?

- 1) Direct taxes are generally unpopular. It is inconvenient and less flexible.
- 2) According to many economists direct tax may adversely affect productivity.
- 3) The burden of direct tax is so heavy that tax-payers always try to evade taxes.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

45. Which of the following statement about Indirect Tax is correct?

- 1) Indirect Tax is referred to as a tax charged on a person who purchases the goods and services and it is paid indirectly to the government.
- 2) The burden of tax can be easily shifted to another person
- 3) It is levied on all persons unequally

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

46. Match the following

I. Custom Duty - 1. Liability is on the cinema theatre owners

II. Entertainment Tax - 2. Import duties levied on goods from outside the country

III. Excise Duty - 3. Paid by a shopkeeper or retailer

IV. Sales Tax - 4. Payable by the manufacturer who shifts the tax burden to retailers and wholesalers.

- a) 3, 1, 2, 4
- b) 1, 4, 2, 3
- c) 2, 1, 4, 3
- d) 2, 4, 1, 3

47. Which of the following statement is correct?

- 1) All the consumers, whether they are rich or poor, have to pay indirect taxes
- 2) Cost of collection is less as producers and retailers collect tax and pay to the Government.
- 3) The Government imposes indirect taxes on those commodities which are harmful to health e.g. tobacco, liquor etc. They are known as sin taxes.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

48. Which of the following statement is correct?

- 1) The cost of collection of direct taxes is higher than the indirect taxes
- 2) Indirect taxes are less elastic compared to direct taxes.
- 3) As the tax is hidden in price, the consumers are not aware of paying tax.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

49. Who said that under indirect taxes 2+2 is not 4 but 3 or even less than 3?

- a) Anton George
- b) George Llyod
- c) Adam Smith
- d) Dalton

50. In which of the following forms direct tax are Imposed on and collected?

- 1) Hindu Undivided Family
- 2) Company
- 3) Individual

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

51. Which of the following helps to control Inflation?

- a) Direct tax
- b) Indirect tax
- c) Both a and b
- d) Either a or b

52. Which of the following is regressive in nature?

- 1) Direct tax
- 2) Indirect tax
- a) 1 alone
- b) 2 alone
- c) 1, 2
- d) None

53. Which of the following statement is correct?

- 1) GST is a direct Tax which has replaced many Indirect Taxes in India
 - 2) Goods & Services Tax in India is a comprehensive, multistage, destination-based tax that is levied on every value addition
 - 3) In case of intra-state sales, Central GST and State GST will be charged
- a) 1, 2
 - b) 1, 3
 - c) 2, 3
 - d) All the above

54. When Goods and Service Tax Act was passed in the Parliament?

- a) 29th July 2016
- b) 27th march 2017
- c) 29th March 2017
- d) 1st July 2017

55. Consider goods manufactured in Tamil Nadu and are sold to the final consumer in Karnataka entire tax revenue will go to_____

- a) Tamil Nadu
- b) Karnataka
- c) Central Government
- d) Equally shared between a and b

56. What was the old regime tax for Sale to another State?

- a) IGST
- b) Central Sales Tax + Excise/Service Tax
- c) VAT + Central Excise/Service tax
- d) None

57. How many components of GST are there?

- a) 3
- b) 5
- c) 2
- d) 7

58. Which of the following statement is correct?

- 1) Sales tax was multipoint tax with cascading effect
 - 2) VAT was multipoint tax with cascading effect
 - 3) GST is one-point tax without cascading effect.
- a) 1, 2
 - b) 1, 3
 - c) 2, 3
 - d) All the above

59. Which of the following statement is correct regarding GST?

- 1) GST will mainly remove the cascading effect on the sale of goods and services
 - 2) Since tax on tax is eliminated in this regime, the cost of goods decreases.
 - 3) All activities like registration, return filing, application for refund and response to notice need to be done online on the GST Portal
- a) 1, 2
 - b) 1, 3
 - c) 2, 3
 - d) All the above

60. Which of the following statemen is correct?

1) In the 18th and 19th centuries, the role of the state was less.

2) The amount of borrowing is huge in the under developed countries to finance development activities.

3) Since 20th century there has been enormous increase in the responsibilities of the state.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

61. Assertion (A): An internal public debt is a loan taken by the Government from the citizens

Reason(R): An internal public debt only involves transfer of wealth.

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

62. Which of the following are main sources of internal Public debt?

1) Non-financial institutions

2) Banks

3) Individuals, who purchase government bonds and securities

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

63. Which of the following are the main sources of External Public debt?

1) World Bank

2) ADB

3) UNICEF

4) IMF

a) 1, 2, 3

b) 1, 2, 4

c) 2, 3, 4

d) All the above

64. Which country has highest external debt according to World Bank Report on 29th July 2019?

a) UK

b) USA

c) India

d) China

65. Assertion (A): Preparation for war is one of the important Reasons for increase in Public debt

Reason(R): In modern times, the preparation for war and nuclear defence programmes take away the major share of the government's revenue and so it incurs debt.

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

66. Which of the following statement is correct?

1) Modern states are considered to be 'Welfare States' and they have to undertake many social obligations like public health, sanitation, education, insurance, transport and communications, etc.,

2) To finance these, the State has to incur a heavy public debt.

3) Due to heavy public expenditure, the governments always face deficit budget. Such deficits have to be financed only through borrowings.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

67. Which of the following statement is correct?

1) Most of the governments of modern days face the problem of unemployment and it has become the duty to solve this by making huge public expenditure.

2) To solve the unemployment problem, and to fight recession, the government has to make

huge expenditures. For this the States have to resort to public debt

3) The Government can withdraw excess money from circulation, by raising public debt and thus prevent prices from rising.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

68. The process of repaying a public debt is called _____

- a) Redemption
- b) Recession
- c) Reduction
- d) Depreciation

69. Who introduced sinking fund for the first time?

- a) India
- b) Australia
- c) England
- d) USA

70. Who felt that debt conversion actually relaxes the debt burden?

- a) Morley
- b) Dalton
- c) Adam Smith
- d) Boris Johnson

71. When does a surplus budget occur?

- a) Public revenue exceeds the public expenditure
- b) Public revenue exceeds the public debt
- c) Public debt exceeds the public expenditure
- d) None

72. Which of the following is easiest way of paying off the public debt without losing its credibility?

- a) Budgetary Surplus
- b) Terminal Annuity
- c) Sinking Fund
- d) Repudiation

73. Assertion (A): In Repudiation case, the Government does not recognise its obligation to repay the loan.

Reason(R): In normal case the Government does not do so; if done it will lose its credibility.

- a) Both (A) and (R) are correct, but (R) does not explain (A)
- b) Both (A) and (R) are wrong
- c) Both (A) and (R) are correct and (R) explains (A)
- d) (A) is Correct and (R) is wrong

74. During which time compulsory reduction rate of interest will be carried out?

- a) Normal times
- b) When budget is surplus
- c) Financial crisis
- d) All the above

75. Which of the following statement is correct?

- 1) When the Government imposes levy on the capital assets owned by an individual or any institution, it is called capital levy.
- 2) The fund so collected can be used by the Government for paying off war time debt obligations
- 3) This is the most controversial method of debt repayment.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

76. French word "Bougett" which refers to _____

- a) Fund
- b) Small leather bag
- c) Big leather bag
- d) Raising fund

77. Who among the following stated this: "Budget is a document containing a preliminary approved plan of public revenue and expenditure".

- a) Reney Stourn
- b) Bastabale

c) Adam smith

d) Dalton

78. Central Government has to submit annual financial statement, i.e., Union Budget under Article_____

a) 112

b) 131

c) 202

d) 212

79. Which of the following statement is incorrect?

1) Revenue Budget consists of revenue receipts and revenue expenditure

2) Revenue expenditure can be categorised into tax revenue and non-tax revenue

3) Revenue receipt can also be categorised into plan revenue expenditure and non-plan revenue expenditure

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

80. Which of the following are main sources of capital receipts?

1) Loans

2) Advances

3) Tax

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

81. Assertion (A): During the time of war emergencies and natural calamities like tsunami, flood etc, supplementary budget is introduced

Reason(R): Under these circumstances, a supplementary budget can be presented by the Government to tackle these unforeseen events

a) Both (A) and (R) are correct, but (R) does not explain (A)

b) Both (A) and (R) are wrong

c) Both (A) and (R) are correct and (R) explains (A)

d) (A) is Correct and (R) is wrong

82. Which article provides provision for producing budget in middle of the year?

a) 112

b) 116

c) 202

d) 111

83. Which of the following statement is correct?

1) The vote on account budget is a special provision by which the Government gets permission from the parliament to incur expenditures on necessary items till the budget is finally passed in the parliament

2) The legal permission of both the Houses of the parliament for the withdrawal of money from the Consolidated Fund of India to meet the requisite expenses till the budget is finally approved is known as vote-on - account budget.

3) This type of budget is generally sanctioned for more than two months.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

84. When did GOI introduce a Zero Base Budget?

a) 1947- 48

b) 1977- 78

c) 1987- 88

d) 1997- 98

85. Which country for the first time presented Performance Budget?

a) UK

b) France

c) India

d) USA

86. What is the other name of Outcome Budget in India?

a) Zero Base Budgets

b) Performance Budget

c) Capital Budget

d) Supplementary Budget

87. Which of the following statement is correct?

- 1) Balanced budget is a situation, in which estimated revenue of the government during the year is equal to its anticipated expenditure.
- 2) The budget is a surplus budget when the estimated revenues of the year are greater than anticipated expenditures.
- 3) Deficit budget is one where the estimated government expenditure is more than expected revenue.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

88. Which of the following statement is correct?

- 1) Budgetary procedure refers to the system through which the budget is prepared, enacted and executed.
- 2) The Ministry of Finance prepares the Central Budget every year
- 3) At the state level the finance department is responsible for the Annual State Budget.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

89. Arrange the following in sequence:

- 1) Based on the estimated income and expenditure of various ministries and departments, sent to the Ministry of Finance
- 2) Budget is ready for presentation to the Parliament
- 3) Presented by the finance minister to the cabinet for approval
- 4) Budget estimates are prepared by the Ministry of Finance

- a) 3, 1, 2, 4
- b) 2, 1, 3, 4
- c) 4, 1, 3, 2
- d) 1, 3, 2, 4

90. Which of the following statement is correct?

- 1) The hon'ble Minister of Finance, on behalf of the Central Government, places the Union

Budget before Parliament on the eve of a new financial year

2) According to the Indian Constitution, money bills can be initiated in any House

3) After the finance bill is passed, an appropriation bill is presented to give legal effect to the voted demands, and to authorise the expenditure as per the budget.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

91. How many parts are there in Indian Government account?

- a) 2
- b) 3
- c) 4
- d) 5

92. How many Parliamentary committees are there for finance are there in India?

- a) 2
- b) 4
- c) 5
- d) 6

93. How many major budget deficits are there in Indian government?

- a) 4
- b) 2
- c) 3
- d) 5

94. Which of the following statement is correct?

1) Revenue Deficit refers to the excess of the government revenue expenditure over revenue receipts

2) It considers capital receipts and capital expenditure

3) Revenue Deficit (RD) = Total Revenue Expenditure (RE) - Total Revenue Receipts (RR), when $RE - RR > 0$

- a) 1, 2
- b) 1, 3
- c) 2, 3

d) All the above

95. Which of the following is correct?

1) Budget deficit is the difference between total receipts and total expenditure

2) Fiscal deficit (FD) = Budget deficit + Government's market borrowings and liabilities

3) Primary Deficit (PD) = Fiscal deficit (FD) - Interest Payment (IP)

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

96. Which of the following statement is correct?

1) Federal finance refers to the system of assigning the source of revenue to the Central as well as State Governments for the efficient discharge of their respective functions

2) Clear-cut division is made regarding the allocation of resources of revenue between the central and state authorities.

a) 1 alone

b) 2 alone

c) 1, 2

d) None

97. Which schedule speaks about the division of power?

a) 9th

b) 7th

c) 5th

d) 12th

98. Electricity comes under which list of Indian constitution?

a) State list

b) Central list

c) Concurrent list

d) None

99. Which of the following are sources of Union government?

1) Public Debt of the Union

2) Taxes on agricultural income

3) Rates of stamp duty in respect of Bills of Exchange, Cheques, Promissory Notes, etc.

4) Foreign Loans

a) 1, 2, 4

b) 1, 3, 4

c) 2, 3, 4

d) All the above

100. Which of the following are sources of State government?

1) Taxes on land and buildings

2) Taxes on the entry of goods into a local area for consumption, use or sale therein.

3) Tolls

4) Taxes on animals and boats.

a) 1, 3, 4

b) 2, 3, 4

c) 1, 2, 4

d) All the above

101. Which article defines Taxes Levied and Collected by the union but Assigned to the States?

a) 219

b) 293

c) 269

d) 212

102. Which of the following statement about Duties levied by the Union but collected and appropriated by the states?

1) Taxes on income other than agricultural income

2) Union duties of excise other than such duties of excise on medicinal and toilet preparations as are mentioned in the Union List and collected by the Government of India

3) Taxes which are Levied and Collected by the Union but which may be Distributed between the Union and the States (Arts.270 and 272)

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

103. When was finance commission established?

a) 1948

b) 1952

c) 1951

d) 1949

104. Which of the following statement is correct?

1) Finance Commission aims to reduce the fiscal imbalances between the centre and the states (Vertical imbalance) and also between the states (horizontal imbalance).

2) A Finance Commission is set up once in every 10 years.

3) The 15th Finance Commission recommendations will be implemented starting 1 April 2020.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

105. Who was the chairman of 15th finance commission?

a) A.P. Shahi

b) N. K. Singh

c) Dr. Y. V Reddy

d) C. Rangarajan

106. Which of the following statement is correct?

1) Article 260 (3) speaks about the functions of the Finance Commission.

2) To determine the quantum of grants in-aid to be given by the Centre to states [Article 275 (1)] and to evolve the principles governing the eligibility of the state for such grant-in-aid

3) Any other matter referred to the Commission by the President of India in the interest of sound finance. Several issues like debt relief, financing of calamity relief of states, additional excise duties, etc. have been referred to the Commission invoking this clause.

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

107. How many local bodies are functioning today in our country?

a) 3

b) 5

c) 4

d) 2

108. Which of the following statement is correct?

1) The jurisdiction of a panchayat is usually confined to one revenue village.

2) The establishment of panchayat raj is the avowed policy of most states in India.

3) The supply of water, both for drinking and irrigation, falls within their field of responsibility, and in some cases farming, marketing, storage, etc. are entrusted to them

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

109. Which of the following are sources of revenue of village panchayats?

1) General property tax

2) Taxes on land

3) Profession tax

a) 1, 2

b) 1, 3

c) 2, 3

d) All the above

110. Which of the following statement is incorrect?

1) In Tamil Nadu, the Zila Parishad is a co-ordinating body which exercises general supervision over the working of Panchayat Samitis and advises them on implementation of Development Schemes.

2) The territorial jurisdiction of a district board is generally a revenue district

a) 1 alone

b) 2 alone

c) 1, 2

d) None

111. Which of the following are the Sources of revenue of municipalities?

- 1) Taxes on property
- 2) Taxes on vehicles and animals
- 3) Income tax

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

112. Which of the following are sources of income for Municipal Corporation?

- 1) Taxes on advertisement
- 2) Octroi and terminal tax
- 3) Tax on vehicles and animals

- a) 1, 2 output
- b) 1, 3
- c) 2, 3
- d) All the above

113. Which of the following are budgetary manipulations affecting the macro economic variables?

- 1) Output
- 2) Employment
- 3) Investment

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

114. Which of the following statement is correct?

- 1) Taxes transfer income from the people to the Government

- 2) During depression, taxes are to be reduced
- 3) Public expenditure raises wages and salaries of the employees and thereby the aggregate demand for goods and services.

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above

115. Which of the following aims at employment generation in India?

- a) MGNREGS
- b) Pradan Mantri Kissan yojana

- c) Pradan mantri Awas yojana
- d) All the above

116. Which of the following statement is correct?

- 1) Fiscal Policy is used to increase the productive capacity of the economy.

- 2) When resource mobilization through tax measures is inadequate, the Government resorts to borrowing both from internal and external sources to finance growth projects.

- 3) Progressive rates in taxation help to reduce the gap between rich and poor.

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) All the above

117. Which of the following statement is correct?

- 1) Capital formation is essential for rapid economic development.

- 2) Government expenditure on infrastructure development like power and transport encourages private investment.

- 3) Public expenditure may be used to start industrial estates so that industrial activity is stimulated in backward regions

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) All the above