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Maximum Weight : 5

Section II

[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]

U.G. CBCSS INTERNAL EXAMINATION, MAY 2024

DO NOT WRITE YOUR REGISTER NUMBER OR NAME ANYWHERE IN SECTION II OF THE QUESTION PAPER

Answer all questions.

All questions carry equal weight.

Put a tick mark [✓] in the column against the correct answer.

1. An increase in tax rate when tax base expands represents :

(A) Progressive taxation. (B) Regressive taxation.

(C) Proportional taxation. (D) None of these.

2. The Principle of Maximum Social Advantage is associated with :

(A) Dalton. (B) Pigou.

(C) Seligman. (D) Hicks.

3. Classical canons of taxation are propounded by :

(A) Adam Smith. (B) Bastable.

(C) Dalton. (D) Keynes.

4. Impact of tax refers to :

(A) Initial resting place of the burden of tax.

(B) Tax evasion.

(C) The final money burden of tax.

(D) None of these.

Turn over





5. Elastic revenue response to marginal tax rate reductions is called :

- | | | | |
|-------------------------|--------------------------|-----------------------|--------------------------|
| (A) Marginal tax curve. | <input type="checkbox"/> | (B) Functional curve. | <input type="checkbox"/> |
| (C) Laffer curve. | <input type="checkbox"/> | (D) None of these. | <input type="checkbox"/> |

6. Budget is an instrument of :

- | | | | |
|----------------------|--------------------------|---------------------------|--------------------------|
| (A) Monetary policy. | <input type="checkbox"/> | (B) Fiscal policy | <input type="checkbox"/> |
| (C) Trade policy | <input type="checkbox"/> | (D) Exchange rate policy. | <input type="checkbox"/> |

7. Who was the first to recommend the adoption of an expenditure tax for India ?

- | | | | |
|-----------------------|--------------------------|-------------------|--------------------------|
| (A) K. N. Raj. | <input type="checkbox"/> | (B) Paul Krugman. | <input type="checkbox"/> |
| (C) Raja J. Chelliah. | <input type="checkbox"/> | (D) N. Kaldor. | <input type="checkbox"/> |

8. The idea of 'Democratic Decentralization' in India was popularized by :

- | | |
|------------------------------------|--------------------------|
| (A) A. D. Gorwala Committee, 1951. | <input type="checkbox"/> |
| (B) B. R. Mehta Committee, 1957. | <input type="checkbox"/> |
| (C) Ashok Mehta Committee, 1978. | <input type="checkbox"/> |
| (D) None of these. | <input type="checkbox"/> |

9. The Kerala Panchayat Raj Act was passed in the legislature in the year :

- | | | | |
|-----------|--------------------------|-----------|--------------------------|
| (A) 1995. | <input type="checkbox"/> | (B) 1994. | <input type="checkbox"/> |
| (C) 2000. | <input type="checkbox"/> | (D) 1999. | <input type="checkbox"/> |

10. Who appoints the Finance Commission ?

- | | |
|----------------------------------|--------------------------|
| (A) President of India. | <input type="checkbox"/> |
| (B) Prime Minister of India. | <input type="checkbox"/> |
| (C) Chairman of the Rajya Sabha. | <input type="checkbox"/> |
| (D) Finance Minister of India. | <input type="checkbox"/> |





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11. The theory of fiscal policy derives from :

- (A) Principle of sound finance. (B) N. I. analysis.
(C) Welfare economics.

12. 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 $P > MC$.

13. Modvat means :

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

14. Federal Finance deals with :

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

15. 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.

16. The most important source of public revenue is :

- (A) Fees. (B) Commercial revenue.
(C) Tax. (D) Fines and Penalties.

Turn over





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17. The principle of maximum social advantages. Is associated with :

(A) Dalton. (B) Pigou.

(C) Hicks. (D) Seligman.

18. Which one of the following is not an instrument of fiscal policy ?

(A) Public revenue. (B) Public expenditure.

(C) Public borrowing. (D) Cash Reserve Ratio.

19. According to Musgrave the major functions of public finance is :

(A) Allocative function. (B) Distributive function.

(C) Stabilisation function. (D) All the above.

20. The direct violation of Tax law is called :

(A) Tax evasion. (B) Tax avoidance.

(C) Tax Rebate. (D) None of these.

No. of MCQs attempted

Weight Scored

(To be entered by the examiner)

No. of MCQs not attempted

**ATTACH SECTION II INTERNAL EXAMINATION MCQ PAPER WITH
THE MAIN ANSWER-BOOK**

