G 3518

00003518

Maximum Weight : 5

MCQ—DEVELOPMENT ISSUES OF THE INDIAN ECONOMY

Section II

[TO BE ATTACHED TO THE MAIN ANSWER-BOOK]

UG CBCSS INTERNAL EXAMINATION, JUNE 2026

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. The Law of Increasing State Activity was propounded by :

   (A) Musgrave. ☐ (B) Colin Clark. ☐

   (C) Adam Smith. ☐ (D) Adolph Wagner. ☐

2. The Benefit Principle of taxation states that tax should be paid in proportion to :

   (A) Income. ☐ (B) Expenditure. ☐

   (C) Benefit. ☐ (D) Utility. ☐

3. Corporate Income tax is the tax levied on :

   (A) Corporations. ☐ (B) Municipalities. ☐

   (C) Co-operative societies. ☐ (D) Companies. ☐

4. Which one of the following is Adam Smith's Canon of Taxation ?

   (A) Productivity. ☐ (B) Certainty. ☐

   (C) Flexibility. ☐ (D) Stability. ☐

5. Deficit financing is related to :

   (A) Fiscal Policy. ☐ (B) Monetary policy. ☐

   (C) Trade Policy. ☐ (D) Industrial policy. ☐

Turn over

6. Which of the following is common between private and Public Expenditure ?

(A) Maximum Satisfaction. ☐ (B) Minimum Expenditure. ☐

(C) Profit motive. ☐ (D) Social welfare. ☐

7. The Theory of Maximum Social Advantage was given by :

(A) Marshal. ☐ (B) Dalton. ☐

(C) Musgrave. ☐ (D) Mill ☐

8. Which of the following is a Statutory Body ?

(A) Finance Commission. ☐ (B) Planning Commission. ☐

(C) State Planning Board. ☐ (D) None of these. ☐

9. Who is the father of Public Finance ?

(A) Dalton. ☐ (B) Pigou. ☐

(C) Smith. ☐ (D) Musgrave. ☐

10. The Displacement effect hypothesis was formulated by :

(A) Peacock and Wiseman. ☐ (B) Pigou. ☐

(C) Smith. ☐ (D) Musgrave. ☐

11. Which is the main point on the basis of which public finance can be separated from private finance ?

(A) Borrowing. ☐ (B) Price policy. ☐

(C) Motive of spending. ☐ (D) Secrecy. ☐

12. Incidence of a direct tax :

(A) Can be shifted. ☐ (B) Cannot be shifted. ☐

(C) Partially shifted. ☐ (D) Fully shifted. ☐

13. The Chairman of the Eleventh Finance Commission was :

(A) K.C. Panth. ☐ (B) Y.V. Reddy. ☐

(C) K. Santhanam ☐ (D) A.M. Khusro. ☐

14. Which of the following is a non-tax revenue ?

(A) Wealth tax. ☐ (B) Octroi. ☐

(C) Grants. ☐ (D) Customs duty. ☐

15. The burden of long-term public debt fall on :

(A) Present generation. ☐ (B) Past generation. ☐

(C) Future generation. ☐ (D) All. ☐

16. "The very best of all plans of finance is to spend little and the best of all taxes is that which is least in amount" is the opinion of :

(A) Adam Smith. ☐ (B) Dalton. ☐

(C) J.B. Say. ☐ (D) Marshall. ☐

17. Tax is a ———— payment :

(A) Optional. ☐ (B) Open. ☐

(C) Compulsory. ☐ (D) Elective. ☐

18. The right of the state to claim and acquire property of the deceased without legal heirs is called :

(A) Grants. ☐ (B) Gift. ☐

(C) Fine. ☐ (D) Escheats. ☐

19. The ultimate resting place of the burden of a tax payment is called :

(A) Impact. ☐ (B) Incidence. ☐

(C) Shifting. ☐ (D) None. ☐

20. People with similar income should pay the same amount of tax follows :

(A) Horizontal equity. ☐ (B) Vertical equity. ☐

(C) Diagonal equity. ☐ (D) None. ☐

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