T J Education Society's

SHETH NKTT COLLEGE OF COMMERCE AND SHETH JTT COLLEGE OF ARTS

DEPARTMENT OF ECONOMICS

Multiple Choice Questions (MCQs)

SYBA-SEM-III (2020-21)

Subject & Paper name: Economics-IV (Public Finance)

(Note : The MCQs given here are sample questions, which may be modified for the examination.)

Unit-I Introduction

1. Public finance is the study of financial activities of the …………..
   a. private business firms
   b. government
   c. banking system
   d. general people
2. A study of Public finance helps in reducing …………in developing countries.
   a. income inequalities
   b. balance of payment
   c. losses of firms
   d. people's finance
3. …………is concerned with income and expenditure of public authorities and with the adjustment of one to the other.
   a. Private Finance
   b. Public Finance
   c. Corporate finance
   d. Society
4. Public revenue is the income of the……….., such as taxes and non-taxes, such as, fees, rent, fines, donations and grants etc.
   a. Private banks
   b. Private enterprises
   c. Government
   d. Non-government organisations
5. Public Expenditure is the expenditure of the ………..of the country.
   a. People
   b. Government
   c. Society
   d. Company
6. Public debt is the borrowing taken by the …………when government revenue falls short of government expenditure.
   a. Banks
   a. government bodies

b. general people
c. private firms

7. ………..Function of the public finance include the allocation of money on various sectors, such as education, defense and health.
   a. Allocation
   b. Division
   c. Expansion
   d. Growth
8. …………Function of the public finance is mainly undertaken for the reduction of income inequalities among the population.
   a. Allocation
   b. Distribution
   c. Monetary
   d. Social
9. Public finance the study of income and expenditure of ………….
   a. private individuals or companies.
   b. Foreign banks
   c. Peoples' banks
   d. Government
10. Public Finance and Private Finance, both face the problem of gap between income and expenditure, so both need to………….
    a. deposit money
    b. borrow money
    c. invest money
    d. give donations

11. In case of……………., expenditure is determined first and accordingly tries to get revenue.
    a. Public Finance
    b. Private Finance
    c. Social Finance
    d. Banking Finance
12. ………..refers to inefficient distribution of goods and services in a free market.
    a. Market failure
    b. Government failure
    c. Concentration of wealth
    d. Public Distribution
13. …………….is the effect in terms of either cost or benefit resulting from the transactions between two parties.
    a. Externality
    b. Income
    c. Production
    d. Distribution

14. Externality is…………
    a. Always negative
    b. always positive
    c. can be positive or negative
    d. neither positive not negative
15. …………are non-excludable and non-rivalrous.
    a. Private goods
    b. Public goods
    c. Consumer goods
    d. Capital goods
16. …………Finance calls for a Balanced Budget
    a. Voice
    b. Functional
    c. Sound
    d. Government
17. There can be deficit budget as per the principle of …………Finance.
    a. Functional
    b. Sound
    c. Banking
    d. Household
18. ……………implies that the society is getting maximum benefits from scarce resources.
    a. Inefficiency
    b. Efficiency
    c. Profits
    d. Equality
19. According to……….., "Public Finance is concerned with income and expenditure of public authorities and with the adjustment of one to the other"

a. Hugh Dalton
b. Musgrave
c. Adam Smith
d. Samuelson

20. ……………is related to the administration of all public finance i.e. public revenue, public expenditure, and public debt.
    a. Banking administration
    b. Financial administration
    c. Public administration
    d. Social administration
21. Financial administration includes preparation, passing, and implementation of…………..
    a. Government budget
    b. Private finance
    c. RBI's policy

d. Social budget

22. ………………ensures that when each country faces prosperity and recession in its economic activities, there should be stability.
    a. Allocation function
    b. Growth function
    c. Stabilization Function
    d. Equality
23. Under the stabilization function, ……………of a country tries to stabilize the economy through different policies.

a. The government
b. The border security forces
c. The monetary policy
d. Banking system

24. Under ……………..the government maintains stability by following deficit financing during recession whereas, during prosperity, the government may follow surplus budgeting.
    a. stabilization function
    b. allocation function
    c. growth function
    d. administrative function
25. ………..is based on the feature of transparency of budget.
    a. Public finance
    b. Private budget
    c. Corporate budget
    d. Monetary transaction
26. Under……………, private individuals cannot make the people buy their products or invest in their companies.
    a. Private Finance
    b. Public finance
    c. Social finance
    d. Constitution
27. Solutions for …………..are in the forms of price mechanism, legislations to control the use of cigarettes, liquor etc. market information can be accurately published.
    a. Individual failure
    b. Market Failure
    c. Profit maximization
    d. Equality
28. …………………….is concerned with the creating of the situation where one cannot be made better off without making other worse off.
    a. Pareto efficiency
    b. Parallel efficiency
    c. Administrative efficiency
    d. Utility maximization

29. The characteristics of a ………………….are, simplicity, flexibility, economy and foresight.
    a. sound financial planning
    b. functional finance
    c. planning commission
    d. finance commission
30. There should be a ………………….so that financial plan can be adopted with a minimum of delay to meet changing conditions in the future.
a. degree of flexibility
b. degree of equality
c. degree of economy
d. convenience
31. As per the……………., there should be a proper balance between the fixed capital and the working capital.
    a. Functional finance
    b. Sound Finance
    c. Local finance
    d. Medical finance
32. As per the features of Sound Finance, the planners should visualize contingencies or emergency situations in designing their ……………
    a. Medical planning
    b. Educational planning
    c. financial plan
    d. sound and noise plan
33. As per the principles of……………, Governments have to intervene in the national and global economy; these economies are not self-regulating
    a. Functional Finance
    b. Sound Finance
    c. Private finance
    d. Global finance
34. As per the advocates of Functional Finance, the Fiscal policy should be directed in light of its impact on the economy, and the budget should be managed accordingly, that is, 'balancing revenue and spending' is not important; ………….is important.
    a. Prosperity
    b. Publicity
    c. Promotion
    d. Stability
35. As per the three rules under…………., government shall maintain a reasonable level of demand at all times.
    a. Functional Finance
    b. Sound Finance
    c. Private finance
    d. Global finance

36. As per the three rules under Functional Finance, the government shall maintain that rate of interest that induces the optimum amount of………………..
    a. Resources
    b. Investment
    c. Taxes
    d. Debt

Unit-II: Fiscal Policy- Budget and Taxation

1. The best criterion to find out the principle on which the public expenditure is based is given by ……………..as the Principle of Maximum Social Advantage (MSA).
   a. John Hicks
   b. David Ricardo
   c. Hugh Dalton
   d. P A Samuelson
2. Principle of Maximum Social Advantage (MSA) deals with……………...
   a. public expenditure
   b. public entertainment
   c. general theory
   d. social welfare
3. According to Dalton, all taxes result in ………..and all public expenditures lead to benefits
   a. income
   b. Sacrifice
   c. Employment
   d. wastage
4. The government has only balanced budget, that is ………..are equal to expenditures.
   a. Taxes
   b. Revenues
   c. Costs
   d. Non-taxes
5. MSS of taxation ……………….as the revenue collected by the government from taxes become larger.
   a. Increases
   b. Decreases
   c. Remain constant
   d. Become zero
6. As the community pays more and more taxes to the government, the sacrifice they experience, in paying every additional unit of money in the form of tax ……….
   a. Rises
   b. Remain constant
   c. Declines

d. Become zero

7. The Marginal Social Benefit (MSB) ………….as the community has more of it.
   a. Rises
   b. Diminishes
   c. Become negative
   d. Remain constant
8. The MSB is based on ……………..marginal utility.
   a. Diminishing
   b. Rising
   c. Constant
   d. Negative
9. The MSB curve slopes ………….from left to right.
   a. Upwards
   b. Downwards
   c. Concave
   d. horizontal
10. When ……………maximum social advantage is achieved.
    a. MSS > MSB
    b. MSS = MSB
    c. MSB = negative
    d. MSB = zero
11. Optimum size of budget is achieved when ………….
    a. MSS=MSB
    b. MSB = negative
    c. MSB = zero
    d. MSS > MSB
12. A …………. is a description of the spending and financing plans of an individual, a company or a government.
    a. Budget
    b. Monetary policy
    c. Public debt management
    d. Expenditure management
13. Revenue receipts include……………...
    a. grants
    b. tax and nontax revenues
    c. subsidies
    d. interest payment
14. Revenue expenditures include expenditure on……………..
    a. public services
    b. household items
    c. advertisement
    d. entertainment

15. ……………….include funds received by the government in the form of market borrowings, small savings, provident funds, recovery of loans, disinvestment proceeds etc.
    a. Capital payments
    b. Capital receipts
    c. Revenue payments
    d. Monetary management
16. ……………….. include repayment of debts, expenditure on roads, rails, irrigation, power, health education etc.
    a. Capital expenditure
    b. Revenue receipts
    c. Capital revenue
    d. Debt management
17. Direct taxes create……………..
    a. Failure
    b. Loss
    c. civic consciousness
    d. confusion
18. Indirect taxes are…………..
    a. Evadable
    b. Avoidable
    c. unavoidable
    d. more certain
19. Indirect taxes fulfill the canon of ……….
    a. Certainty
    b. Economy
    c. Civic consciousness
    d. Management
20. ………..taxes have wide coverage.
    a. Indirect
    b. Direct
    c. Income
    d. Wealth
21. A good taxation system should be used to……………..
    a. finance public services
    b. follow higher taxation
    c. no taxation
    d. finance private services
22. Incidence of Tax is the ultimate or …………….of tax.
    a. final burden
    b. initial burden
    c. official effect
    d. unofficial effect

23. Impact of Tax is the …………of tax.
    a. final burden
    b. initial burden
    c. official effect
    d. unofficial effect
24. Higher the elasticity of demand ………will be the burden of tax on the consumers and vice versa.
    a. Less
    b. More
    c. Zero
    d. negative
25. Higher the elasticity of supply …….will be the burden of tax on the consumers and vice versa.
    a. Less
    b. More
    c. Zero
    d. negative
26. Under Decreasing cost…………… falls on buyers, because cost diminishes as output increases; so the amount of tax becomes higher than the cost of production.
    a. more tax burden
    b. less tax burden
    c. no tax burden
    d. entire burden
27. Under…………….., cost remains the same, so seller shifts entire burden of tax on the consumer.
    a. Rising cost condition
    b. Decreasing cost condition
    c. Different cost condition
    d. Constant cost condition
28. When cost is rising, output increases; so burden of tax is …………the price rise.
    a. more than
    b. less than
    c. equal to
    d. negative to
29. Under Perfect Competition, the shifting of the tax burden to the buyer is determined by the……………...
    a. Number of sellers
    b. Number of buyers
    c. Homogeneity of product
    d. elasticities of demand and supply
30. Under………., burden lumpsum tax is not shifted on to the buyers
    a. Monopoly
    b. Perfect competition

c. Emergency
d. Taxation policy

31. Monopolist himself bears the entire burden of…………..
    a. Specific tax
    b. lumpsum tax
    c. buyers' tax
    d. sellers' tax
32. The Direct taxes have …………role in developing countries to control income inequalities.
    a. Limited
    b. Important
    c. Significant
    d. No
33. Direct taxes are more …………..
    a. Arbitrary
    b. Inflationary
    c. Inequitable
    d. unavoidable
34. Indirect taxes have
    a. Educative value
    b. Certainty
    c. wide coverage
    d. low coverage
35. Indirect taxes lack …………….
    a. Uncertainty
    b. social consciousness
    c. inequality
    d. productivity
36. …………has suggested canons of a good tax system
    a. Adam Smith
    b. David Ricardo
    c. J M Keynes
    d. Adolf Wagner
37. The general public should be taxed according to their 'ability to pay' - is among the three features of …………system
    a. Eco
    b. Education
    c. Social
    d. Taxation
38. …………..shifting of tax implies tax shifting from producer to the consumer.
    a. Forward
    b. Backward
    c. Vertical

d. Horizontal

39. …………..shifting of tax implies that the taxes are shifted back to the agents of production. A producer may shift the burden of tax to the suppliers of raw material or to the workers by reducing the wages.
    a. Forward
    b. Backward
    c. Vertical
    d. Horizontal
40. Under the ……………cost condition, cost is rising when output increases; so burden of tax is less than the price rise
    a. Decreasing
    b. Increasing
    c. Constant
    d. Negative
41. Under the ………….cost condition, more tax burden on buyers, because cost diminishes as output increases; so the amount of tax becomes higher than the cost of production
    a. Decreasing
    b. Increasing
    c. Constant
    d. Negative
42. Under the ………….cost conditions, the entire burden of tax is shifted to the buyers.
    a. Decreasing
    b. Increasing
    c. Constant
    d. Negative

Unit-III Public Expenditure and Public Debt

1. Public expenditure is classified according to Benefits into which of the following three categories
    a. Common Benefits, Special Benefits and Direct Special Benefits.
    b. Consolidated benefits, Secured benefit and Private benefits
    c. Roads benefits, railway benefits and airways benefit
    d. Economic benefits, social benefits and psychological benefits

2. Which of the following is not included in the Dalton's classification of Public Expenditure?
    a. Administrative expenditure
    b. Security expenditure
    c. Cultural expenditure
    d. Social expenditure

3. Which of the following is not included in Hicks' classification of Public Expenditure?
    a. Defense expenditure
    b. Civil expenditure
    c. Developmental expenditure
    d. Household expenditure

4. Public expenditure refers to the expenses which a government incurs for………
    a. Its own maintenance.
    b. Household purposes

c. Taxes
d. Entertainment

5. Public expenditure refers to the expenses which a government incurs for………
   a. The society and the economy.
   b. Household maintenance
   c. Taxes
   d. Entertainment

6. According to whom there is intensive and extensive increases in state activities?
a. Adam Smith
b. David Ricardo
c. Adolf Wagner
d. Alfred Marshall

7. Which of the following refers to the excess of revenue expenditure over revenue receipts?
a. Budgetary deficit
b. Revenue deficit
c. Fiscal deficit
d. Primary deficit

8. Primary deficit is obtained by deducting interest payments from the ………..
a. Fiscal deficit
b. Revenue deficit
c. Budgetary deficit
d. Monetized deficit

9. In which of the budget the existing programs or activities may not be automatically funded?
a. Zero based budget
b. Traditional budget
c. Executive budget
d. Program budget

10. Which of the following is not the objectives of Fiscal Policy?
a. Improving the economy by Resource Mobilization
b. Allocational Efficiency.
c. Principle of Equity
d. Principle of convenience

11. Burden of Internal Debt ……….
a. Increases income of the nation
b. adversely affects the ability and desire to work, save and invest
c. transfer of purchasing power from the older generation to the younger generation
d. improves the welfare of the country

12. Which of the following does not explain the importance of Public Debt Management?
a. it helps those countries who have limited sources of finance
b. it helps to develop domestic financial market
c. it makes the countries less vulnerable to contagion and financial risks
d. it helps to reduce inequality of income and wealth

13. Which of the following explains the importance of Public Debt Management?
a. it makes the countries less vulnerable to contagion and financial risks
b. it helps to reduce inequality of income and wealth
c. it ensures price stability
d. it prevents the entry of new firms

14. Which of the following is the part of IMF and World Bank's framework regarding public debt management?

a. transparency and accountability
b. competitiveness
c. public distribution system
d. international trade

15. Which of the following is not the principle of public debt management?

a. Low interest cost of servicing debt
b. Self sufficiency
c. Satisfy the needs of investors
d. Coordination between public debt, fiscal and monetary policies

16. Revenue Deficit occurs when revenue expenditure ……….revenue receipts.

a. Is equal to
b. Is more than
c. Is less than
d. Not 100 percent

17. Budgetary Deficit is the difference between all receipts and expenditures of the government both …………… accounts

a. Costs and revenue
b. Profits and losses
c. revenue and capital
d. debit and credit

18. …………..policy is the use of government revenue and expenditure to influence the economy

a. Physical
b. Monetary
c. Fiscal
d. Budget

19. Fiscal Deficit is the excess of government expenditure over revenue ……..

a. Payments
b. Receipts
c. Balance
d. Notes

20. Fiscal Deficit is the excess of government …………..over revenue receipts.

a. Income
b. Expenditure
c. Taxes
d. Subsidies

21. Primary Deficit is equal to fiscal deficit minus …………. Payment

a. Principal Debt
b. Interest
c. Tax
d. Bills

22. ………….Deficit is the sum of the net increase in holding of treasury bills (TBs) of the RBI and its contributions to the market borrowing of the government.

a. Demonetized
b. Monetized
c. International

d. Revenue

23. …………….deficit is equal to revenue deficit minus grants for the creation of capital assets.

a. Effective revenue
b. Effective expenditure
c. Effective capital
d. Effectively managed

24. The direct …………..of external debt consists of the amount or principal + interest.

a. Real burden
b. Money burden
c. Tax burden
d. Cost burden

25. IMF stands for ………..

a. International Management Forum
b. International Monetary Fund
c. International Mobile Facility
d. Indian Monetary Forum

26. WB stands for ……..

a. World Board
b. Wide Bank
c. Wealth Board
d. World Bank

27. ………..are those payments for which there may not be any quid-pro-quo.

a. Grants
b. Prices
c. Loans
d. deposits

28. Capital expenditure is incurred on……………., like highways, irrigation projects, machinery and equipment etc.

a. Perishable goods
b. Consumer goods
c. durable assets
d. merit goods

29. …………………….includes current expenditure such as, defense, public health, education etc.

a. Revenue expenditure
b. Capital expenditure
c. Administration
d. Economizing

30. …………………….includes expenditure on old-age pension, unemployment allowances, sickness benefit, welfare, public debt etc.

a. Non-transfer expenditure
b. Transfer expenditure
c. Capital expenditure
d. Current expenditure

31. …………………. includes expenditure incurred on defense, education, public health etc.

a. Non-transfer expenditure
b. Transfer expenditure
c. Capital expenditure

d. Current expenditure

32. In India the ……………issues treasury bills, post office savings certificate, national saving certificate

a. RBI
b. Commercial bank
c. Government
d. Insurance company

33. ………………….. include loan by issuing bonds, certificates etc.

a. Compulsory debt
b. Voluntary debt
c. Periodic debt
d. Emergency debt

34. ……………….. include debt taken to meet the needs of war, relief and rehabilitation etc.

a. Compulsory debt
b. Voluntary debt
c. Periodic debt
d. Emergency debt

35. …………….are repaid after maturity period and interest is paid regularly.

a. Redeemable loans
b. Irredeemable loans
c. Unfunded loans
d. Security loans

36. ……………..do not have fixed date of repayment.

a. Redeemable loans
b. Irredeemable loans
c. Unfunded loans
d. Security loans

37. Burden of ……………..include Increase in inequality, adverse effects on the ability and desire to work, save and invest

a. External debt
b. Internal debt
c. Foreign debt
d. Social debt

38. Burden of …………….include burden of unproductive foreign debt, foreign currency burden, domination of creditor country

a. External debt
b. Internal debt
c. Domestic debt
d. Social debt

39. …………………….makes the countries less vulnerable to contagion and financial risks.

a. Private debt management
b. Public debt management
c. Public expenditure management
d. Private revenue management

40. Principles of ……………include Low interest cost of servicing debt, Satisfy the needs of investors.

a. Private debt management

b. Public debt management
c. Public expenditure management
d. Private revenue management

41. …………………..is the difference between all receipts and expenditures of the government both revenue and capital. It is also called as deficit financing.
a. Revenue deficit
b. Primary deficit
c. Monetized deficit
d. Budgetary Deficit

42. Effective revenue deficit is equal to ………………minus grants for the creation of capital assets.
a. Revenue deficit
b. Primary deficit
c. Monetized deficit
d. Budgetary Deficit

Module-IV – Indian Public Finance

1. A budget is at once a report on estimates and proposals, that it is the instrument by which all the processes of ……………..are correlated and coordinated.
a. Consumption and production
b. Financial administration
c. Saving and investment
d. Costs and Revenues
2. As per …………..of Indian Constitution the Government has to present in the Parliament an annual financial statement showing estimates of revenue and expenditure.
a. Article 112
b. Article 110
c. Article 90
d. Article 127
3. Government budget is a schedule of all ……………that the Government expects to receive and plan to spend during the following year.
a. Costs and investment
b. Revenues and expenditures
c. Prices and costs
d. Savings and investment
4. Features of ……….are - it is a statement of expected revenue and proposed expenditure, it is sanctioned by some authority and it is periodicity, generally annual.
a. Balance sheet
b. Labour laws
c. Budget
d. Deficit financing
5. Budget prescribes the manner in which revenue is collected and …………is incurred.
a. Expenditure
b. Taxes
c. Non-tax revenues

   d. subsidies
6. Basic objectives of the budget consist of…………
   a. Re-allocation of resources and Re-distribution of resources
   b. Stabilization of prices
   c. Pollution control
   d. Population control
7. As soon as the Indian union budget is ready, it is placed before the ……………for necessary approval.
   a. LokSabha and RajyaSabha
   b. BSE & NSE
   c. Vidhansabha and Vidhan Parishad
   d. MPSC & UPSC
8. Central taxes include …………….. taxes on textile products, customs, special additional duty of customs, service tax, Cesses and surcharges.
   a. duties of excise (medicinal and toilet preparations)
   b. purchase tax
   c. luxury tax
   d. entertainment tax
9. State Taxes include ……………..state VAT, central sales tax, luxury tax, entertainment tax, advertisement tax etc.
   a. purchase tax
   b. taxes on textile products
   c. customs
   d. Import duty
10. The GST has different slab rates such as,……………
    a. 10%, 15%, 20%, and 25%
    b. 5%, 12%, 18% and 28%
    c. 2%, 4%, 8% and 16%
    d. 3%, 9%, 30% and 50%
11. GST Council – it has been created for coordination between the Center and the states under the chairmanship of …………Minister.
    a. Health
    b. Railway
    c. Union Finance
    d. State Finance
12. Which of the following is the benefit of GST?

a. Uniformity in Taxation
b. Diversities in the taxation
c. Complexities
d. Narrow tax base

13. Which of the following is among the criticisms of GST in India?
    a. High tax rates in the world

b. Lowest number of different GST rates in the world
c. No uniformity in taxation
d. No simplicity

14. Development Expenditure includes industrial and tertiary activities, increasing expenditure on subsidies and ……………..
    a. Expenditure on social services,
    b. Expenditure on defense
    c. Expenditure on interest payment on debt
    d. Tax collection charges
15. Non-developmental Expenditure includes………., interest payments and tax collection charges.
    a. expenditure on irrigation
    b. agricultural requirements.
    c. Defense
    d. Social services
16. According to the Planning Commission of India "……………..is used to denote the direct addition to Gross National Expenditure through budget deficit whether the deficit are on the revenue account or capital account.
    a. Formal planning
    b. Remedial financing
    c. Deficit financing
    d. Family planning
17. In Indian context deficit financing takes place; when a budgetary deficit financed by using …………….methods.
    i. Government may resort to printing of additional currency
    ii. Public support
    iii. Regional planning
    iv. Monetary policy
18. Fiscal Responsibility and Budget Management Act (FRBM) was implemented in the year ………
    a. 1991
    b. 2000
    c. 2004
    d. 2010
19. FRBM Rules included ……..

a. Reduce revenue deficit by 0.5 % or more of the GDP
b. Increase revenue deficit by 0.6% of GDP
c. Stabilize the deficit at 9% of GNP
d. Decrease the deficit by 10% of GDP

20. Limitation of FRBM Act is ……..
    a. Target regarding investment
    b. Possible neglect of social sector spending

c. Need to reduce revenues
d. 50% primary deficit

21. …………….is the study of how expenditures and revenue side are allocated across different vertical layers of administration, i.e. central govt, state govt and local govt.
a. Monetary Policy
b. Fiscal Federalism
c. Fiscal Responsibility
d. Debt Management

22. Fiscal Federalism is concerned with understanding which functions and instruments are best centralized and which are best placed in the sphere of ……..levels of govt.
   a. Decentralized
   b. Union
   c. Foreign
   d. Internal

23. 14th Finance Commission was appointed under the chairmanship of ………on January 1 2013 to make recommendations for the period of ……….
   a. 2010-15
   b. 2015-20.
   c. 2017-22
   d. 2013-18

24. 14th Finance Commission was appointed under the chairmanship of ………on January 1 2013 to make recommendations for the period of 2015-20.
   a. R. Swaminathan
   b. Narsimham
   c. Chheliah
   d. V Y Reddy

25. ……………….recommended the establishing of an independent Fiscal Council to undertake ex-ante assessment of fiscal policy implications of budget proposals and their consistency with fiscal policy and rules.
   a. 14th Finance Commission
   b. 15th Finance Commission
   c. 5th Planning Commission
   d. 10th Planning Commission

26. The key issues under…………, include Tax competition, Tax subsidies, Financial imbalance.
   a. Fiscal Federalism
   b. Social problems
   c. Taxation policy
   d. Monetary management

27. …………….. is the study of how expenditures and revenue side are allocated across different vertical layers of administration, i.e. central govt, state govt and local govt.
   a. Physical federalism
   b. Monetary federalism

c. Fiscal federalism
d. Government budget

28. Zero primary deficit, Non-coverage of state govts, Neglect of development needs etc. are the ……………. Of FRBM act
    a. Merits
    b. Limitations
    c. Requisites
    d. Conditions
29. As per …………there should be no additional liabilities in excess of 9% of GDP
    a. Consumer protection act
    b. Child labour act
    c. FRBM act
    d. FEMA act
30. The central govt shall take suitable measures to ensure ……………………..in its fiscal operations and minimize, as far as practicable, secrecy in the preparation of the annual budget.
    a. greater transparency
    b. greater secrecy
    c. debt management
    d. deficit financing

****