

T J Education Society's  
SHETH NKTT COLLEGE OF COMMERCE AND SHETH JTT COLLEGE  
OF ARTS

**DEPARTMENT OF ECONOMICS**

**Class:** SYBA-SEM-III (2020-21)

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

**OBJECTIVE TYPE QUESTIONS**

**Unit-I Introduction**

**A. State whether following statements are True or False**

1. Public finance is the study of financial activities of the private business firms.-False
2. A study of Public finance helps in reducing income inequalities in developing countries.- True
3. Private Finance is concerned with income and expenditure of public authorities and with the adjustment of one to the other. -False
4. Public revenue is the income of the government, such as taxes and non-taxes, such as, fees, rent, fines, donations and grants etc. True
5. Public Expenditure is the expenditure of the people of the country. -False.
6. Public debt is the borrowing taken by the government bodies when government revenue falls short of government expenditure. -True.
7. Allocation Function of the public finance does not include the allocation of money on various sectors, such as education, defense and health. -False
8. Distribution Function is mainly undertaken for the reduction of income inequalities among the population. -True.
9. Public finance the study of income and expenditure of private individuals or companies. False
10. Public Finance and Private Finance, both face the problem of gap between income and expenditure, so both need to borrow money. - True
11. In case of Private Finance, expenditure is determined first and accordingly tries to get revenue. False
12. Market failure refers to inefficient distribution of goods and services in a free market. True
13. Externality is the either cost or benefit resulting from the transactions between two parties. True.
14. Externality is always negative. – False
15. Private goods are non-excludable and non-rivalrous. -False
16. Sound Finance calls for a Balanced Budget.-True
17. There can be deficit budget as per the principle of Functional Finance. -True
18. Efficiency implies that the society is getting maximum benefits from scare resources. - True

**B. Match the Columns:**

<b>Sr No</b>	<b>Group A</b>	<b>Sr. No</b>	<b>Group B</b>
1	Public Finance	A	Education in private school
2	Private Finance	B	Education in municipal school
3	Market Failure	C	Air pollution
4	Positive Externality	D	Surplus or Deficit budget
5	Negative Externality	E	Balanced budget
6	Public good	F	Spill over effects of garden near industry
7	Private good	G	Study of financial activities of Government
8	Sound Finance	H	Inefficiency
9	Functional Finance	I	one cannot be made better off without making other worse off
10	Pareto efficiency	j	Study of financial activities of individual firms