

**Pune Vidyarthi Griha's
College Of Science and Technology**

April 2023-24 SYBCom Sem IV

Subject: Business Economics IV

Time: 3 hrs

Date:08/04/24

Total : [100 Marks]

QP code : UBCOMFSIV. 4

1(A) Fill in the blanks:(Any 10)

1. Which of the following best defines the concept of externality?
A) A situation where the production or consumption of a good affects third parties who are not involved in the transaction.
B) A situation where the government intervenes in the market to correct imbalances.
C) The total expenditure incurred by the government on public goods.
D) The difference between private and social costs.
2. What is the main purpose of Pigouvian taxes?
A) To decrease government revenue. B) To discourage consumption of goods with negative externalities.
C) To discourage consumption of goods with positive externalities. D) To increase income inequality.
3. Public goods are characterized by:
A) Rivalry in consumption and excludability. B) Non-rivalry in consumption and excludability.
C) Non-rivalry in consumption and non-excludability. D) Rivalry in consumption and non-excludability.
4. Which of the following is an example of a public good?
A) A private beach club. B) A concert ticket. C) National defense. D) Cable television subscription.
5. When a good or service is both by government, non government organization or private individuals, example being environment protection effort it is known as:
A) A hood. B) A social good. C) A public good. D) A private good.
6. The tragedy of the commons refers to:
A) The overuse and depletion of common resources due to lack of property rights.
B) The underutilization of resources in the absence of government intervention.
C) The efficient allocation of resources in a competitive market.
D) The equitable distribution of resources among all members of society.
7. Which of the following is a characteristic of a merit good?
A) under consumed. B) has externalities C) Non-excludability. D) is dangerous.
8. What is the purpose of cost-benefit analysis in public economics?
A) To determine the optimal level of taxation.
B) To evaluate the efficiency of government policies and projects.
C) To calculate the total revenue generated by the government.
D) To assess the distributional impact of government interventions.
9. In the context of public economics, what does the term "monetary policy" refer to?
A) The management of government expenditures and revenues to influence the economy. B) The regulation of financial markets by the government. C) The conduct of the central bank.
D) The distribution of income and wealth through taxation.

10. In the context of public economics, what does the term "fiscal policy" refer to?
 A) The management of government expenditures and revenues to influence the economy. B) The regulation of financial markets by the government. C) The conduct of the central bank. D) The distribution of income and wealth through taxation.
11. Which of the following is a regressive tax?
 A) Sales tax. B) Progressive income tax. C) Corporate income tax. D) Property tax.
12. In the context of public economics, what does the term "redistributive effect" refer to?
 A) The management of government expenditures and revenues to influence the economy. B) The regulation of financial markets by the government. C) The conduct of the central bank. D) The distribution of income and wealth through taxation.

(B) True or false: (Any 10)

1. Merit goods are over-consumed in a free market.
2. A regressive tax takes a larger percentage of income from low-income earners than from high-income earners.
3. Pigouvian taxes are imposed to discourage the production or consumption of goods with positive externalities.
4. Social security benefits (like pension, health insurance) are an example of exclusively public good.
5. A progressive tax system is one in which tax rates increase as income increases.
6. Cost-benefit analysis is used to determine the optimal level of government intervention in the economy.
7. Public choice theory examines the behavior of individuals and organizations in the public sector. **T**
8. The main goal of antitrust policies (Eg. the MRTP act) is to promote competition and prevent monopolies.
9. Public goods are typically provided by the market because they are profitable for private firms.
10. A subsidy is a payment made by the government to encourage the production of a good or service.
11. Free rider problem occurs when individuals consume a good without paying for it.
12. Functional fiscal policy refers to the use of government spending and taxation to stabilize the economy.

2(i) What is the type of deficit ? (10 marks)

(ii) What are the parts and components of the budget?. (10 marks)

OR

(iii) What is types of fiscal policy (10 marks)

(iv) What is classification of public debts (10 marks)

3(i) What is economic effect of taxation (10 marks)

(ii) What is the tax base and tax rate (10 marks)

OR

(iii) Explain history of public finance (10 marks)

(iv) Explain types of budget (10 marks)

4(i) What is FRBM act, 2003? (10 marks)

(ii) What are market failures and its causes? (10 marks)

OR

(iii) What are concepts of public expenditure (10 marks)

(iv) What is impact, incidence and shifting of tax burden? (10 marks)

5(i) What Sources of public revenue (10 marks)

(ii) What Dalton's view on MSA (10 marks)

OR

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Rai
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(iii) Explain the concepts (any 4): (20 marks)

1. Finance commission
2. Theory of public expenditure
3. Fiscal decentralization
4. Sound and function finance
5. Factors influencing incidence of tax
6. Peacock hypothesis
7. Wagner's hypothesis