Telangana University
Department of Economics
B.A. III YEAR – Public Economics Sem-V (INTERNAL–I) Question Bank

Part A: Multiple Choice Questions

1. Public Finance is the study of the financial activities of ______.
a) Individuals
b) Households
c) Government
d) Firms
Answer: c) Government

2. The word "Public" in Public Finance refers to ______.
a) Private individuals
b) Government
c) Business firms
d) Banks
Answer: b) Government

3. Public Finance deals with the income and expenditure of ______.
a) Consumers
b) Producers
c) Government
d) Foreign countries
Answer: c) Government

4. Which of the following is a major branch of Public Finance?
a) Public Revenue
b) Public Expenditure
c) Public Debt
d) All of the above
Answer: d) All of the above

5. Government expenditure on education is an example of ______ expenditure.
a) Private
b) Public
c) Personal
d) Foreign
Answer: b) Public

6. Expenditure incurred by the government for the benefit of society is called ______ expenditure.
a) Private
b) Public
c) Personal
d) Individual
Answer: b) Public

7. Public expenditure refers to the expenditure incurred by ______.
a) Consumers

b) Government
c) Private firms
d) Households
Answer: b) Government

8. Which of the following is an example of public expenditure?
a) Government spending on roads
b) Personal spending on clothes
c) Household spending on food
d) Private company investment
Answer: a) Government spending on roads

9. Public expenditure helps in achieving ______ development.
a) Economic
b) Social
c) Both a and b
d) Neither a nor b
Answer: c) Both a and b

10. Expenditure on salaries of government employees is generally classified as ______ expenditure.
a) Revenue
b) Capital
c) Private
d) Foreign
Answer: a) Revenue

11. Expenditure on construction of a new government hospital is generally ______ expenditure.
a) Revenue
b) Capital
c) Private
d) Personal
Answer: b) Capital

12. Public Finance is important for maintaining ______ stability.
a) Economic
b) Personal
c) Family
d) Business
Answer: a) Economic

13. Government expenditure on defence is an example of ______ expenditure.
a) Public
b) Private
c) Personal
d) Household
Answer: a) Public

14. Public expenditure can help to reduce ______ inequalities.
a) Income
b) Social
c) Economic

d) All of the above
Answer: d) All of the above

15. Which of the following is a function of Public Finance?
a) Allocation of resources
b) Distribution of income
c) Economic stabilization
d) All of the above
Answer: d) All of the above

16. Government expenditure on pensions and subsidies is generally classified as ______ expenditure.
a) Transfer
b) Capital
c) Private
d) Investment
Answer: a) Transfer

17. Public expenditure is an important instrument of ______ policy.
a) Fiscal
b) Monetary
c) Trade
d) Industrial
Answer: a) Fiscal

18. Public expenditure on infrastructure promotes ______ growth.
a) Economic
b) Social
c) Both a and b
d) None
Answer: c) Both a and b

19. Public Finance mainly studies the financial activities of the ______ sector.
a) Private
b) Public
c) Household
d) Foreign
Answer: b) Public

20. The main objective of public expenditure is to promote ______ welfare.
a) Individual
b) Social
c) Private
d) Business
Answer: b) Social

Part B: Fill in the Blanks (20 × 1 = 20)

1. Public Finance is concerned with the financial activities of the ______.
Answer: Government

2. Public Finance is a branch of ______ Economics.
Answer: Economics
3. Public Finance deals with public revenue, public expenditure, public debt and ______.
Answer: Financial administration
4. The expenditure incurred by the government is called ______ expenditure.
Answer: Public
5. Government spending on roads and bridges is an example of ______ expenditure.
Answer: Public
6. Public Finance helps in the proper allocation of ______.
Answer: Resources
7. Public expenditure is an important instrument of ______ policy.
Answer: Fiscal
8. Government expenditure on education helps in developing ______ capital.
Answer: Human
9. Expenditure on the construction of government buildings is generally ______ expenditure.
Answer: Capital
10. Expenditure on government salaries is generally classified as ______ expenditure.
Answer: Revenue
11. Public Finance aims at promoting ______ welfare.
Answer: Social
12. Public expenditure helps in reducing economic ______.
Answer: Inequalities
13. Government expenditure on defence provides ______ to the country.
Answer: Security
14. Public expenditure on health and education promotes ______ development.
Answer: Social
15. Public Finance helps the government maintain economic ______.
Answer: Stability
16. Public expenditure on infrastructure promotes economic ______.
Answer: Growth
17. Pensions and subsidies are examples of ______ payments.
Answer: Transfer
18. Public expenditure is incurred by the ______ sector.
Answer: Public
19. Public Finance helps in the redistribution of ______.
Answer: Income
20. The study of government expenditure is called the theory of ______ expenditure.
Answer: Public

Part C: One-Mark Questions with Answers (20)

1. What is Public Finance?

Answer: Public Finance is the study of the financial activities of the government, including public revenue, public expenditure, public debt and financial administration.

2. What is meant by Public Expenditure?

Answer: Public expenditure means the expenditure incurred by the government for the welfare and development of society.

3. What is Public Revenue?

Answer: Public revenue is the income received by the government from taxes, fees, fines, profits and other sources.

4. What is Public Debt?

Answer: Public debt refers to the loans borrowed by the government from internal and external sources.

5. What is Fiscal Policy?

Answer: Fiscal policy is the policy of the government relating to taxation, public expenditure and public borrowing.

6. Mention one importance of Public Finance.

Answer: It helps in economic development.

7. Mention one objective of Public Finance.

Answer: To promote social welfare.

8. What is meant by Public Expenditure?

Answer: It is the spending of the government on public services and development activities.

9. Give one example of Public Expenditure.

Answer: Government expenditure on education.

10. What is Revenue Expenditure?

Answer: Revenue expenditure is the expenditure incurred for the regular and day-to-day functioning of the government.

11. What is Capital Expenditure?

Answer: Capital expenditure is expenditure that creates assets or increases the productive capacity of the economy.

12. What is Transfer Expenditure?

Answer: Transfer expenditure is government expenditure made without receiving any direct goods or services in return.

13. Give one example of Transfer Expenditure.

Answer: Government pension.

14. How does Public Finance help in economic development?

Answer: It provides funds for infrastructure, education, health and other development activities.

15. How does Public Expenditure reduce inequality?

Answer: The government provides subsidies and welfare programmes to support weaker sections of society.

16. What is the main objective of Public Expenditure?

Answer: To promote social welfare.

17. Mention one area of Public Expenditure.

Answer: Education.

18. How does Public Expenditure promote economic growth?

Answer: It promotes economic growth by investing in infrastructure, education, health and productive activities.

19. What is meant by social welfare?

Answer: Social welfare means improving the standard of living and well-being of people in society.

20. Mention any two functions of Public Finance.

Answer:

1. Allocation of resources.

2. Redistribution of income.