

Exercise No: 2.1
(Time allowed: 10 minutes)

Note: Learners may solve this exercise individually within 4 minute and note down the answers in their notebooks. After 4 minutes, the learners will discuss their individual answers in their sub-groups and come to agreed final answers within the sub-group. They may take another 4 minutes for this. A reporter from the sub-group will then state the answer to the entire learning community on behalf of sub-group. This exercise may take another 3 minutes.

Question: What is the Scope of Public Finance?

Suggested solution to exercise No. 2.1

Question: What is the Scope of Public finance?

Suggested solution:

The scope of the Public Finance consists in the study of the collection of funds and their allocation between various branches of state activities which are regarded as essential duties or functions of the state.

Exercise No: 2.2
(Time allowed: 10 minutes)

Note: Learners may solve this exercise individually within 4 minute and note down the answers in their notebooks. After 4 minutes, the learners will discuss their individual answers in their sub-groups and come to agreed final answers within the sub-group. They may take another 4 minutes for this. A reporter from the sub-group will then state the answer to the entire learning community on behalf of sub-group. This exercise may take another 2 minutes.

Question: Write down the different parts into which the Public Finance may be divided.

Suggested solution to exercise No. 2.2

Question: Write down the different parts into which the Public Finance may be divided.

Suggested solution:

Public Finance may be divided into four parts, namely,

- (1) Public Expenditure,
- (2) Public Revenue,
- (3) Public Debt, and
- (4) Financial Administration.

Exercise No: 2.3
(Time allowed: 10 minutes)

Note: Learners may solve this exercise individually within 4 minute and note down the answers in their notebooks. After 4 minutes, the learners will discuss their individual answers in their sub-groups and come to agreed final answers within the sub-group. They may take another 4 minutes for this. A reporter from the sub-group will then state the answer to the entire learning community on behalf of sub-group. This exercise may take another 2 minutes.

Question: Describe Canon of Surplus and Canon of Economy of Public Expenditure?

Suggested solution to exercise No. 2.3

Question: Describe Canon of Surplus and Canon of Economy of Public Expenditure?

Suggested solution:

‘Canon of Surplus’ enjoins that public expenditure should be, as far as possible, met from current public revenues without resorting to deficits or borrowings.

‘Canon of Economy’ means avoiding of wasteful extravagant expenditure. The public authorities should not waste the limited resources at their disposal, and should incur expenditure with greatest care and prudence

Exercise No: 2.4
(Time allowed: 10 minutes)

Note: Learners may solve this exercise individually within 4 minute and note down the answers in their notebooks. After 4 minutes, the learners will discuss their individual answers in their sub-groups and come to agreed final answers within the sub-group. They may take another 4 minutes for this. A reporter from the sub-group will then state the answer to the entire learning community on behalf of sub-group. This exercise may take another 2 minutes.

Question: Tick the correct answer.

Serial No.	Statement	True/ False
1.	Public expenditure incurred by the Government according to sound principles of public finance exerts its healthy effect on the economy of any country.	
2.	National T.V., Radio signal, defence forces are examples of public goods.	
3.	Fines and penalties are major source of revenue of modern nation states.	
4.	Public revenues include all the income and receipts except loans raised by the Government.	
5.	Borrowings from external source are not a source of public debt.	
6	The annual budget of Government indicates three types of deficits.	
7.	Revenue deficit is excess of revenue over expenditure.	
8.	Fiscal deficit is the excess of total expenditure of the Government over its non-debt receipts	

Suggested solution to exercise No. 2.4

Question: Tick the correct answer.

Suggested solution:

1.	True
2.	True
3.	True
4.	False
5.	False
6.	True
7.	False
8.	True.

Exercise No: 2.5
(Time allowed: 10 minutes)

Note: Learners may solve this exercise individually within 4 minute and note down the answers in their notebooks. After 4 minutes, the learners will discuss their individual answers in their sub-groups and come to agreed final answers within the sub-group. They may take another 4 minutes for this. A reporter from the sub-group will then state the answer to the entire learning community on behalf of sub-group. This exercise may take another 2 minutes.

Question: Fill in the following blanks with the terms given below.

Public Debt, Finance Depression, Revenue Account, governance, loans, inflation, Capital Account, receipts, revenue, current, interest, justice, income, Public Expenditure

1. Public Expenditure is aimed to provide ----- security and -----to citizens.
2. Public Revenue includes all the -----and -----, irrespective of their source and nature.
3. Public Debt a source of Public -----is the ----- raised by Governments.
4. Borrowings are important sources of -----.
5. Raising of Public Debt helps the Government in fighting-----and controlling-----.
6. The Consolidated Fund has two parts namely-----and-----.
7. Deficit is the gap between the ----- and Public Receipts.
8. Primary deficit represents-----imbalances net of -----payments.

Suggested solution to exercise No. 2.5

Question: Fill in the following blanks with the terms given below

Suggested solution:

Serial No.	Suggested Solution
1	Governance, justice
2	Incomes, receipts
3	Finance, loans
4	Public Debt
5	Depression, inflation
6	Revenue Account, Capital Account.
7	Public Expenditure
8.	Current, interest