



ECONOMICS

UNIT 8: GOVERNMENT BUDGET AND THE ECONOMY

Name: _____

Date: _____

Class: XII Sec: ____

I Multiple Choice Questions (1 mark)

Choose the correct alternative in the following questions

Spot the capital receipt :

1. (A) Tax received (B) External grants received
(C) Dividend received (D) Disinvestment

Spot the revenue receipt :

2. (A) Recovery of loans (B) Borrowings
(C) External grants (D) Disinvestment

Fiscal deficit in a government budget refers to :

3. (A) Shortfall in taxes (B) Short fall in disinvestments
(C) Disinvestment requirements (D) Borrowing requirements

Primary deficit in a government budget refers to :

4. (A) borrowing requirements (B) interest payment requirement
(C) (a) less (b) (D) (a) + (b)

Steps taken through the government budget can influence :

5. (A) Inequalities (B) Allocation of resources
(C) Inflation (D) All of the above

II Short Answer Questions (3 mark)

Answer the following questions in about 60 words :

6. Name and define the two categories of the budget receipts.
7. Define tax. Give two examples.
8. Define direct tax. Give two examples.
9. Define indirect tax. Give two examples.
10. What is non-tax revenue? Give two examples.
11. What are capital receipts? Give two examples.
12. What is revenue deficit? What does it signify?
13. What is fiscal deficit? What does it signify?
14. What is primary deficit? What does it signify?
15. Explain briefly any one objective of government budget.



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III Short Answer Questions.

(4 mark)

Answer the following questions in about 70 words :

16. What is a tax? Distinguish between direct and indirect taxes.
17. What do you mean by budgeted receipts ? Explain the distinction between revenue and capital receipts.
18. Explain the components of capital receipts in the budget of government of India.
19. Name the different types of deficit in the government of India's budget. Explain any one.
20. How can budget influence allocation of resources. Explain.
21. Explain the role of budget in bringing economic stability.

IV Long Answer Questions

(6 mark)

Answer the following questions in about 100 words :

22. Explain the distinction between revenue receipt and capital receipt in a government budget. State their components.
23. Explain any two objectives of the government budget.