

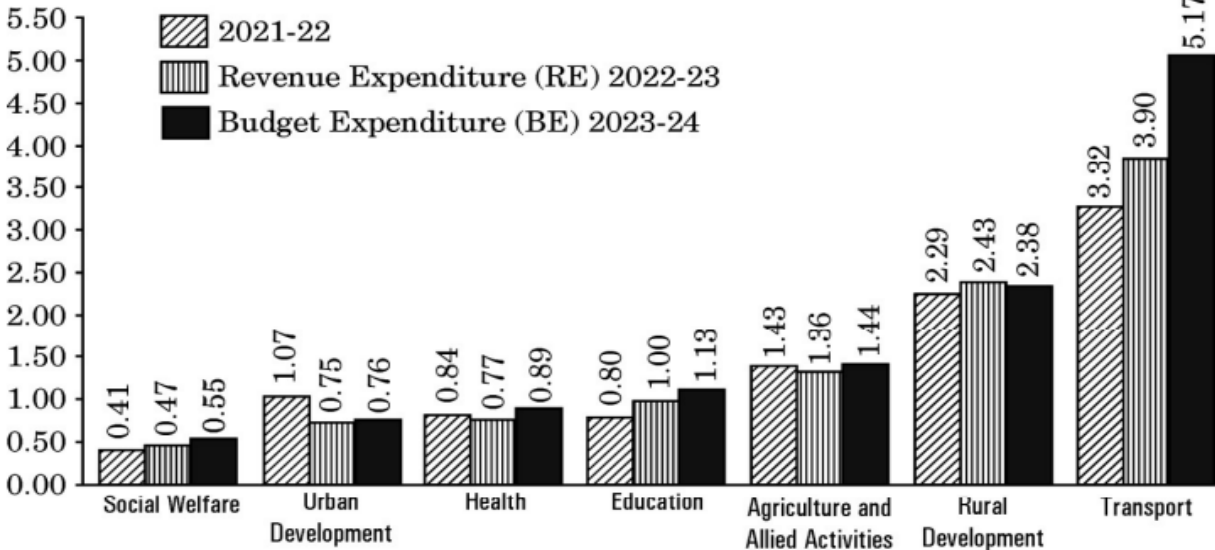


INDIAN SCHOOL NIZWA

Class:XII- Ch-4 Government Budget and the Indian Economy

WORKSHEET

1	<p>In the context of Government Budget, which of the following statements is correct</p> <ol style="list-style-type: none">It is a statement of expected annual receipts and expenditures of the government.It is a detail of actual receipts and expenditures of the government in a financial yearIt offers a detailed description of achievements of the government during the five year plansIt indicates BOP status of the domestic economy.
2	<p>Read the two statements carefully and choose the correct alternative.</p> <ol style="list-style-type: none">Both the statements are trueBoth the statements are falseStatement 1 is true and statement 2 is falseStatement 2 is true and statement 1 is false <p>Statement 1: Government Budget is an accounting statement showing actual receipts and expenditure of the government during a fiscal year. Statement 2: Two main components of government budget are: Revenue Budget and Capital Budget</p>
3	<p>Which of the following is not a non -tax revenue receipt?</p> <ol style="list-style-type: none">Goods and services taxExternal grantsDividends and profitsDisinvestment
4	<p>Expenditure on infrastructural development is a type of _____ (planned/non-planned) expenditure.</p>
5	<p>What is a direct tax? Give 2 examples of direct tax.</p>
6	<p>Define government budget.</p>
7	<p>Define a tax.</p>
8	<p>Is borrowing by the government a revenue receipt?</p>
9	<p>Why is tax not a capital receipt?</p>
10	<p>Why is recovery of loans treated as a capital receipt?</p>
11	<p>What is meant by revenue deficit?</p>
12	<p>What are the implications of a large revenue deficit? Give two measures to reduce this deficit.</p>

13	<p>From the following data about a Government budget, find out (a) Revenue deficit, (b) Fiscal deficit and (c) Primary deficit:</p> <table border="1" data-bbox="224 184 1133 464"> <thead> <tr> <th>S. No.</th> <th>Items</th> <th>(Rs in crores)</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Capital receipts net of borrowings</td> <td>95</td> </tr> <tr> <td>(ii)</td> <td>Revenue expenditure</td> <td>100</td> </tr> <tr> <td>(iii)</td> <td>Interest payments</td> <td>10</td> </tr> <tr> <td>(iv)</td> <td>Revenue receipts</td> <td>80</td> </tr> <tr> <td>(v)</td> <td>Capital expenditure</td> <td>110</td> </tr> </tbody> </table>	S. No.	Items	(Rs in crores)	(i)	Capital receipts net of borrowings	95	(ii)	Revenue expenditure	100	(iii)	Interest payments	10	(iv)	Revenue receipts	80	(v)	Capital expenditure	110														
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14	<p>Classify the following as Revenue receipts or Capital receipts. Give valid arguments in support of your answer :</p> <p>(i) Interest received on loan. (ii) Disinvestment receipts from the sale of a government company. (iii) Financial assistance by the Government of USA for promoting girl education in India.</p>																																
15	<p>Study the following chart carefully and analyse the changing trends in the government expenditure on :</p> <p>(I) Transport (II) Rural Development (III) Distinguish between fiscal deficit and revenue deficit.</p> <p style="text-align: center;">TREND OF MAJOR ITEMS OF EXPENDITURE</p> <p style="text-align: right;">(₹ lakh crore)</p>  <table border="1" data-bbox="207 1024 1416 1570"> <thead> <tr> <th>Category</th> <th>2021-22</th> <th>Revenue Expenditure (RE) 2022-23</th> <th>Budget Expenditure (BE) 2023-24</th> </tr> </thead> <tbody> <tr> <td>Social Welfare</td> <td>0.41</td> <td>0.47</td> <td>0.55</td> </tr> <tr> <td>Urban Development</td> <td>1.07</td> <td>0.75</td> <td>0.76</td> </tr> <tr> <td>Health</td> <td>0.84</td> <td>0.77</td> <td>0.89</td> </tr> <tr> <td>Education</td> <td>0.80</td> <td>1.00</td> <td>1.13</td> </tr> <tr> <td>Agriculture and Allied Activities</td> <td>1.43</td> <td>1.36</td> <td>1.44</td> </tr> <tr> <td>Rural Development</td> <td>2.29</td> <td>2.43</td> <td>2.38</td> </tr> <tr> <td>Transport</td> <td>3.32</td> <td>3.90</td> <td>5.17</td> </tr> </tbody> </table>	Category	2021-22	Revenue Expenditure (RE) 2022-23	Budget Expenditure (BE) 2023-24	Social Welfare	0.41	0.47	0.55	Urban Development	1.07	0.75	0.76	Health	0.84	0.77	0.89	Education	0.80	1.00	1.13	Agriculture and Allied Activities	1.43	1.36	1.44	Rural Development	2.29	2.43	2.38	Transport	3.32	3.90	5.17
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16	<p>(i) Distinguish between direct tax and indirect tax with the help of suitable examples. (ii) Explain the redistribution of income objective of the Government Budget.</p>																																
17	<p>Suppose the following data is presented for an imaginary economy :</p> <p>(i) Calculate Revenue Deficit and Fiscal Deficit. (ii) Differentiate between public provision and public production.</p>																																

S.No.	Item	Amount (in Crores)
(i)	Tax Receipts	1,200
(ii)	Revenue Expenditure	3,700
(iii)	Non-Tax Receipts	2000
(iv)	Recovery of Loans	145
(v)	Capital Expenditure	500
(vi)	Disinvestment	120
(vii)		1,070

18	<p>Classify the following expenditures of the government as revenue expenditure and capital expenditure:</p> <ol style="list-style-type: none"> Salaries paid to employees of the government sector enterprises Purchase of machinery from abroad Repayment of loan taken from the Central Bank Grants given to neighbouring country for flood relief Payment of pensions to the retired Payment of subsidies for fertilizers
19	<p>Classify the following as revenue receipts and capital receipts of the government:</p> <ol style="list-style-type: none"> Borrowings from the Central Bank Profits of a government enterprise Receipt from disinvestment Financial help received for earthquake victims Loan taken from a foreign country for a development project License fees received by the government
20	<ol style="list-style-type: none"> Explain the 'allocation of resources' objective of Government budget. Explain the 'redistribution of income' objective of Government budget
21	<p>Government raises its expenditure on producing public goods. Which economic value does it reflect? Explain.</p>
22	<p>The government Budget of a country cannot have fiscal deficit without the existence of revenue deficit' Defend or refute the given statement.</p>
23	<p>Finance Minister has announced that steps would be taken to rationalize subsidies which presently dominate the economy of the nation. What is the economic value of this statement.</p>