



# **ECONOMICS**

## **BOOKS - SANDEEP GARG ECONOMICS (HINGLISH)**

### **GOVERNMENT BUDGET AND THE ECONOMY**

**Example**

1. In a government budget , revenue deficit is ₹ 35 crores . If revenue receipts are ₹ 70 crores and capital expenditure ₹ 120 crores , then how much is the revenue expenditure .



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2. The interest payments as per the government budget during a year are ₹ 1,40,000 crores . If total borrowing requirements of

the government are estimated at ₹ 2,70,000 crores, then how much is primary deficit.



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3. In a government budget, primary deficit is ₹ 12,000 crores and interest payment is ₹ 7,000 crores. How much is the fiscal deficit?



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4. As Per the government budget , the interest payments are estimated at ₹ 10 , 000 crores , which is 40 % of primary deficit . Calculate fiscal deficit ?



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5. From the following data about a Government budget , find out (a) Revenue deficit (b) Fiscal deficit and (c) Primary deficit :



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**6.** Find (a) Fiscal Deficit and (b) Primary Deficit from the following :



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**7.** From the given information , calculate : (a) Revenue Receipts (b) Fiscal Deficit and (c) Primary Deficit :





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**8.** From the following information , determine :  
(a) Capital Expenditure , (b) Total Expenditure  
and (c) Interest Payments :



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**9.** From the following data about the  
Government Budget , determine : (a) Non -

debt Creating Capital Receipts , (b) Fiscal Deficit and (c) Primary Deficit :



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**10.** From the following data , calculate Fiscal Deficit :



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## Hots Higher Order Thinking Skills Questions

1. Giving reasons , classify the following as direct and Indirect taxes :

(i) Income Tax

(ii) Goods and Services Tax

(iii) Corporate Tax

(iv) Capital Gains Tax



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2. Identify the following as revenue receipts and capital receipts . Give reasons .

(i) Loans recovered from Public sector enterprises.

(ii) License and court fees received by the Government in the year 2014 - 15.

(iii) Loan taken from USA for the infrastructural developments .

(iv) Sale of shares held by Government in a PSU.

(v) Financial help from Microsoft for the victims of flood affected areas.

(vi) Amount borrowed from Japan for construction of Metro.

(vii) Dividend received by Government from a company.

(viii) Funds raised from public in the form of National Saving Certificates.

(ix) Sale of 40 % shares of a public sector undertaking to a private enterprise.

(x) Profits of LIC , a public enterprise.



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3. Identify the following as revenue expenditure and capital expenditure . Give reasons.

(i) Salary paid to Army officers.

(ii) Purchase of Metro coaches from Japan.

(iii) Repayment of loans.

(iv) Grants given by central government to state Government .

(v) Loan given to Union Territories.

(vi) Interest paid on National Debt.

(vii) Expenditure on construction of Metro.

Pension paid to retired Government

employees.

(ix) 10 % shares purchased by the Government in a private company.

(x) Subsidies .

(xi) Expenditure on collection of taxes.

(xii) Expenditure on building a bridge .



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4. How can surplus budget be used during inflation ?



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5. Differentiate between revenue budget and capital budget.



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6. Can there be a fiscal deficit in a government budget without a revenue deficit ? Explain.



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7. In the Government of a country's budget for the year 2013-14, the Finance Minister proposed to raise the tax on cigarettes. He also proposed to increase income tax on individuals earning more than rupees one crore per annum. Is the objective only to earn revenue for the government? What possible welfare objective can you think of from these proposals? Explain.



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8. Government raises its expenditure on producing public goods . Which economic value does it reflect ? Explain .



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9. Tax rates on higher income group have been increased . Which economic value does it reflect ? Explain.



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**10.** Government has started spending more on providing free services like education and health to the poor. Explain the economic value it reflects .



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**11.** In the government of India's budget for the year 2013- 14 , the Finance Minister proposed to raise the Goods and Services Tax (GST) on cigarettes. He also proposed to increase



income tax on individual earning more than Rupee one crore per annum.

Identify and explain the types of taxes proposed by the Finance Minister . Was the objective only to earn revenue for the government ? What possible welfare objectives could the Government be considering ?



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**12.** Explain the need for reduction in inequalities of income and wealth . Explain any two budgetary measures by which it can be done .



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**13.** The Government decides to give budgetary incentives to investors for making investments in backward regions . Explain these incentives and the reasons for the same .



14. The government budget of a hypothetical economy presents the following information .

Which of the following value represents .

Budgetary Deficit . (all fig . In ₹ crores )

A . Revenue Expenditure = 25 , 000

B . Capital Receipts = 30 , 000

C . Capital Expenditure = 35 , 000

D . Revenue Receipts = 20 , 000

E . Interest Payments = 10 , 000

F . Borrowing = 20 , 000

A. ₹ 12, 000

B. ₹ 10 , 000

C. ₹ 20 , 000

D. None of the above

**Answer:**



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**15.** "Fiscal deficit is necessarily inflationary in nature". Do you agree ? Support your answer with valid reasons.



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**16.** What are non-debt creating capital receipts ? Give two examples such receipts .



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**17.** The Government , under Ujjwala Yojana , is providing free LPG kitchen gas connections to the families below the poverty line . What objective the government is trying to fulfil

through the government budget and how ?

Explain.



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**18.** Explain how the allocation of resources can be influenced in the government budget through taxes , expenditure and subsidies .



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**19.** Government provides essential items of food grains almost free to the families below the poverty line . Which objective the government is trying to fulfil through the government budget and how ? Explain.



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**20.** Identify the Objective of Government Budget from the following statements :

(i) Government increases taxes on liquor .

(ii) Government increases its own expenditure during deflation to increase aggregate demand.

(iii) Government increases taxes on super rich people .

(iv) Government increases expenditure on infrastructure .



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**True And False**



1. Are the following statements true or false ?

Give reasons.

Government budget is a statement of actual receipts and payments of the government .



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2. Are the following statements true or false ?

Give reasons.

Rise in revenue deficit will always lead to higher fiscal deficit .





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**3.** Are the following statements true or false ?

Give reasons.

Income tax is a direct tax as its impact and incidence is on the same individual.



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**4.** Are the following statements true or false ?

Give reasons.

Revenue Receipts from non- tax revenue are always more as compared to tax revenue .



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5. Are the following statements true or false ?

Give reasons.

Indirect taxes are generally progressive in nature .



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6. Are the following statements true or false ?

Give reasons.

Primary deficit is the difference between revenue deficit and interest payments .



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7. Are the following statements true or false ?

Give reasons.

Indirect taxes cannot be avoided in any circumstances .





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**8.** Are the following statements true or false ?

Give reasons.

Tax payments to the government do not provide any direct benefit to the tax payer.



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**9.** Are the following statements true or false ?

Give reasons.

Non-debt creating capital receipts give rise to debt.



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**10.** Are the following statements true or false ?

Give reasons.

Capital expenditure increases the liabilities of the government .



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**11.** Are the following statements true or false ?

Give reasons.

The fiscal deficit in the economy will be zero if there is no provision for borrowings in the budget.



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**12.** Are the following statements true or false ?

Give reasons.

Construction of flyover is a revenue expenditure of the government .



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**13.** Are the following statements true or false ?

Give reasons.

Primary deficit indicates the government's inability to meet its regular and recurring expenditure .



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**14.** Are the following statements true or false ?

Give reasons.

Direct taxes have limited reach as compared to indirect taxes.



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**15.** Are the following statements true or false ?

Give reasons.

Increase in fiscal deficit does not affect the primary deficit .



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## Guidelines To Ncert Questions

1. Distinguish between revenue expenditure and capital expenditure.



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2. The fiscal deficit gives the borrowing requirement of the government . Elucidate.



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3. Give the relationship between the revenue deficit and the fiscal deficit.



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4. Does public debt impose a burden ? Explain.



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5. Are fiscal deficits necessarily inflationary ?



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6. Discuss the issue of deficit reduction.



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## Revision Exercise Multiple Choice Questions

1. Which one of the following is not an objective of government budget ?

A. Reallocation of resources

B. Economic Stability

C. Increasing regional disparities

D. Economic Growth

**Answer: C**



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**2. Capital receipts include :**

A. Tax Revenue

B. Non - tax Revenue

C. Grants from World Bank

D. Borrowings

**Answer: D**



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**3. Which of the following statement is true ?**

A. Loans from IMF is a Revenue Receipt.

B. Higher revenue deficit necessarily leads to higher fiscal deficit .

C. Borrowing by a government represents a situation of fiscal deficit .

D. Revenue deficit is the excess of capital receipts over the revenue receipts.

**Answer: C**



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**4. Escheats is an example of :**

A. Capital Receipts

B. Revenue Receipts

C. Capital Expenditure

D. Revenue Expenditure

**Answer: B**



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**5. Borrowings are equivalent to :**

A. Revenue deficit

B. Primary deficit



C. Fiscal deficit

D. None of these

**Answer: C**



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**6. Borrowings is a capital receipt because.**

A. It creates a liability

B. It creates an asset

C. It reduces a liability

D. All of the above

**Answer: A**



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**7. Union Budget is the budget of :**

A. Central Government

B. Local Government

C. State Government

D. Election Commission

**Answer: A**



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**8. Revenue Deficit is equal to :**

A. Total Expenditure - Revenue Receipts

B. Revenue Expenditure - Revenue Receipts

C. Fiscal Deficit - Interest Payments

D. Fiscal Deficit - Revenue Expenditure

**Answer: B**



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9. Interest income is a part of :

- A. Non- tax Revenue
- B. Revenue Receipts
- C. Both (a) and (b)
- D. Neither (a) nor (b)

**Answer: C**



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10. In a government budget , revenue deficit is ₹ 50 , 000 crores and borrowings are ₹ 75 , 000 crores . The fiscal deficit will be :

- A. ₹ 25 , 000 crores
- B. ₹ 75 , 000
- C. ₹ 1, 25 , 000 crores
- D. ₹ 50 , 000

**Answer: B**



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**11. Which one is a capital receipt ?**

A. License and court fees received by the government in year 2014-15 .

B. Financial help from Microsoft for the victims of flood affected areas.

C. Sale of 40 % shares of public sector undertaking to a private enterprise.

D. Profit of LIC , a public enterprise.

**Answer: C**



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**12.** Which one of the following is a part of capital expenditure ?

A. Salary paid to army officers

B. Expenditure on construction of Metro

C. Pension paid to retired government employees

D. Interest paid on national debt

**Answer: B**



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**13.** Policies of surplus budget during inflation is a part of which objective of government budget ?

A. Economic Growth

B. Economic Stability



C. Reducing Regional Disparities

D. Reallocation of Resources

**Answer: B**



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**14.** Which of the following conditions satisfy the concept of revenue receipts ?

A. Does not create a liability

B. Does not reduce an asset

C. Neither (a) nor (b)

D. Both (a) and (b)

**Answer: D**



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**15.** Identify the non-tax revenue from the following statement : "It refers to claim of the government on the property of a person who dies without leaving behind any legal heir or a will ".

A. Special Assessment

B. Escheats

C. Forfeitures

D. Fees

**Answer: B**



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**16.** Which one of the following statements is incorrect ?

- A. Revenue receipts are regular in nature .
- B. There is no future obligation to return the amount in case of revenue receipts .
- C. Capital receipts either create an asset or cause a reduction in the liabilities of the government .
- D. Borrowings are treated as capital receipt as they lead to an increase in liability.

**Answer: C**



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17. Fees of the government college is a revenue receipt because :

A. It creates liability of the government

B. It neither creates any liability nor reduces any asset of the government.

C. It neither creates any asset nor reduces any liability of the government .

D. It increases asset of the government .

**Answer: B**



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**18.** If the budgetary deficit of the government is ₹ 25 , 000 crores and the borrowings and other liabilities are ₹ 7 , 000 crores , how much will be the fiscal deficit ?

A. ₹ 25 , 000 crores

B. ₹ 32, 000 crores

C. ₹ 18000 crores

D. ₹ 7 , 000 crores

**Answer: B**



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**19.** Identify the indirect tax from the following options :

A. Corporate tax

B. Income Tax

C. Goods and Services Tax (GST)

## D. Capital Gains Tax

**Answer: C**



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**20.** Which of the following are the components of a budget ?

A. Capital Budget

B. Revenue Budget

C. Both (a) and (b)



D. Neither (a) nor (b)

**Answer: C**



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**21. Construction of a school building is a :**

A. Capital Receipt

B. Revenue Expenditure

C. Capital Expenditure

D. Revenue Receipt

**Answer: C**



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**22.** If estimated government receipts are more than estimated government expenditure , it is said to be a :

- A. Surplus Budget
- B. Deficit Budget
- C. Balanced Budget
- D. None of these

**Answer: A**



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**23. Budget Deficit means :**

A. Total Expenditure - Total Receipts

B. Capital Expenditure - Capital Receipts

C. Total Expenditure - Total Receipts

(excluding borrowings)

D. Total Expenditure - Revenue Receipts

**Answer: A**



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**24.** If borrowings and other liabilities are added to the budgetary deficit , we get :

- A. Fiscal deficit
- B. Primary deficit
- C. Capital deficit
- D. Revenue deficit

**Answer: A**



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**25.** The incidence of tax refers to :

A. Level and rate of taxation

B. Who ultimately bears the money burden  
of the tax

C. Growth of taxation

D. Way in which a tax is collected

**Answer: B**



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**26.** The government budget has a revenue deficit . This gets financed by : A. Borrowing

B. Disinvestment

C. Tax revenue

D. Indirect taxes

A. A and D

B. C and D

C. A and B

D. C and B

**Answer: C**



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27. Which of the following statement is not true for fiscal deficit ?

A fiscal deficit :

A. represents the borrowing of the government .

B. is the difference between total expenditure and total receipts of the government

C. is the difference between total expenditure and total receipts other than borrowing.

D. increases the future liability of the government.

**Answer: B**



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**28.** Borrowing in government budget is :

A. Revenue deficit

B. Fiscal deficit

C. Primary deficit

D. Deficit in taxes

**Answer: B**



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**29.** The non- tax revenue in the following is :

A. Income tax

B. Corporate Tax

C. Dividends

D. Borrowings

**Answer: C**



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**30.** Primary deficit in a government budget is :

A. Revenue expenditure - Revenue receipts

B. Total expenditure - Total receipts

C. Revenue deficit - Interest payments

D. Fiscal deficit - Interest payments

**Answer: D**



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**31.** Direct tax is called direct because it is collected directly from :

A. The producers on goods produced

B. The sellers on goods sold

C. The buyers of goods

D. The income earners

**Answer: D**



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**32.** Primary deficit in a government budget equals :

A. Interest payments

B. Interest payments less borrowings

C. Borrowing less interest payments

D. None of the above

**Answer: C**



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**33.** Which one of these is a revenue expenditure ?

A. Purchase of shares

B. Loans advanced

C. Subsidies

D. Expenditure on acquisition of land

**Answer: C**



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**34.** Which of the following is a source of capital receipt ?

A. Foreign Donations

B. Dividends

C. Disinvestment

D. Indirect Taxes

**Answer: C**



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**35. Which of the following statements is true ?**

- A. Fiscal deficit is the difference between total expenditure and total receipts .
- B. Primary deficit is the difference between total receipt and interest payments .
- C. Fiscal deficit is the sum of primary deficit and interest payment.
- D. N/A

**Answer: C**



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**36.** Which of the following is not a revenue receipt ?

- A. Recovery of loans
- B. Foreign grants
- C. Profits of public enterprises
- D. Corporate Tax

**Answer: A**



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37. Identify the correct flowchart depicting the nature of Capital Expenditure .

A. 

B. 

C. 

D. 

**Answer: C**



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**38.** Identify the missing item in the following expression : ..... = Fiscal Deficit - Interest Payments

- A. Revenue deficit
- B. Primary Deficit
- C. Both (a) and (b)
- D. Neither (a) nor (b)

**Answer: B**



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39. Which of the following flow chart is incorrect ?

A. 

B. 

C. 

D. 

**Answer: B**



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**40.** Identify the missing item in the following flowchart :



- A. Capital Receipts
- B. Revenue Receipts
- C. Revenue Expenditure
- D. Capital Expenditure

**Answer: A**



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41. Which of the following flow chart is correct ?

A. 

B. 

C. 

D. 

**Answer: B**



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**42. Fiscal deficit equals :**

A. Interest payments

B. Borrowings

C. Interest payments less borrowing

D. Borrowing less interest payments

**Answer: B**



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**43.** Primary deficit equals :

A. Borrowings

B. Interest payments

C. Borrowing less interest payments

D. Borrowing and interest payments both

**Answer: C**



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**44.** Disinvestment by government means :

A. Selling of its fixed capital assets

B. Selling of shares of public enterprises  
held by it

C. Selling of its buildings

D. All the above

**Answer: B**



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45. Which of the following sources of receipts in government budget increases its liabilities ?

A. Direct taxes

B. Recovery of loans

C. Borrowings

D. Dividend from public sector undertakings

**Answer: C**



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**46.** Fiscal deficit equals : (Choose the correct alternative )

- A. Primary deficit minus interest payments
- B. Primary deficit plus interest payments
- C. Total budget expenditure minus total budget receipts
- D. None of the above

**Answer: A**



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**47.** Primary deficit is equal to :

A. Fiscal Deficit Less interest Payments

B. Revenue Deficit Less Borrowings

C. Borrowings Less Interest Payments

D. Borrowing Less Fiscal Deficit

**Answer: A**



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**48.** Primary Deficit is borrowing requirements of government for making \_\_\_\_\_ :

(Choose the correct alternative )

- A. Interest payments
- B. Other than interest payments
- C. All types of payments
- D. some specific payments

**Answer: B**



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49. \_\_\_\_\_ (choose the correct alternative)

is a revenue receipt of the government

A. Funds raised by the government by

issuing National Saving Certificates

B. Sale of 40 % shares of a public sector

undertaking to a private enterprise

C. Profits of LIC , a public enterprise

D. Amount borrowed from Japan for

construction of Bullet Train

**Answer: C**



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**50.** Identify which of the following statements is true ?

A. Fiscal deficit is difference between planned revenue expenditure and planned revenue receipts

B. Fiscal deficit is difference between total planned expenditure and total planned receipts

C. Primary deficit is the difference between total planned receipt and interest payments

D. Fiscal deficit is the sum of primary deficit and interest payment

**Answer: D**



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## Very Short Answer Type Questions

1. Define government budget .



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2. State any one objective of a government budget.



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3. What are revenue receipts in a government budget ?



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4. Define a tax .



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5. Define a direct tax.



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6. Why is Goods and Services Tax (GST) , an indirect tax ?



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7. What is the basic difference between direct and indirect tax ?



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**8.** Define non-tax revenue.



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**9.** State any two sources of non-tax revenue receipts .



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**10.** What are capital receipts in a government budget ?



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11. Why are taxes received by government not capital receipts ?



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12. Why is interest termed as a revenue receipts?



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**13.** Why are borrowing a capital receipt ?



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**14.** What is revenue expenditure ?



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**15.** What is meant by capital expenditure ?



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**16.** Why is payment of interest a revenue expenditure ?



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**17.** Why are subsidies treated as revenue expenditure ?



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**18.** Why is repayment of loan a capital expenditure ?



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**19.** Why is recovery of loans treated as a capital receipt ?



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**20.** Why are receipts from taxes categorised as revenue receipts ?



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**21.** If the total receipts are ₹ 3 , 000 crores and total expenditure is ₹ 4 , 200 crores , how much will be the budgetary deficit ?



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**22.** What is revenue deficit ?



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**23.** If the revenue receipts are ₹ 1, 000 crores and revenue expenditure is ₹ 1, 200 crore , how much will be the revenue deficit?



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**24.** Define fiscal deficit .



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25. What does fiscal deficit represent ?



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26. What is primary deficit ?



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27. How is primary deficit calculated ?



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28. What does zero primary deficit mean ?



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29. A government budget shows a primary deficit of  $\hat{1}$  4400 crore . The revenue expenditure on interest payment is  $\hat{1}$  400 crore . How much is the fiscal deficit ?



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**30.** In a government budget , primary deficit is ₹ 10 , 000 crore and interest payment ₹ 8 , 000 crore. How much is the fiscal deficit ?



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**31.** In a government budget , revenue deficit is ₹ 50 , 000 crores and borrowings are ₹ 75 , 000 crores . How much is the fiscal deficit ?



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**32.** Give two examples of revenue expenditure.



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**33.** Give two examples of capital receipts in a government budget.



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**34.** Give an example of indirect taxes.



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**35.** What one step can be taken through market to reduce the consumption of a product harmful for health ?



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**36.** Name any one step the government can take through its budget to reduce the gap between the rich and the poor.



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**37.** Name any one step that the government can take through its budget to check inflation that is causing hardships to the people .



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**38.** State one fiscal measure that can be used to reduce the gap between rich and poor.



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## Short Answer Type Questions

1. State three objectives of a government budget .



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2. Explain objective of stability of prices of government budget

OR

Explain the economic stability objective of a government budget .



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3. How can a government budget help in reducing inequalities of income ? Explain.

OR

How can Government budget be helpful in altering distribution of income in an economy ? Explain .

OR

Explain redistribution of income objective of Government budget.



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4. Explain the allocation of resources objective of Government budget.

OR

Explain the allocation function of government budget .

OR

Explain how government can influence allocation of resources through government budget .



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5. What is a government budget ? Name two sources each of non-tax revenue receipts and capital receipts .

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6. What is government budget ? Give the meaning of : (a) Revenue deficit , (b) Fiscal deficit.

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7. What are the two kind broad divisions of receipts of the government budget ? Name two sources of each kind of receipt.



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8. Define tax revenue . What are the two kinds of tax revenues ? Give two examples of each .



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9. Distinguish between : (i) Direct tax and indirect tax (ii) Revenue deficit and fiscal deficit

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10. Explain with the help of suitable examples the basis of classifying taxes into direct and indirect taxes.

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11. Distinguish between : (a) Revenue receipts and capital receipts , (b) Direct tax and indirect tax .

OR

Distinguish between revenue receipt and capital receipt and give two examples of each .



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12. Give meanings of Capital receipts and revenue receipts with an example of each .



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**13.** State the basis of classification of government receipts and capital receipts . Give an example of each .



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**14.** Giving reasons , categorise the following into revenue receipts and capital receipts : (i) Recovery of loans , (ii) Corporation tax , (iii) Dividends on investments made by



government , (iv) Sale of a public sector undertaking.



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**15.** Giving reasons , categorise the following into revenue expenditure and capital expenditure :

(i) Subsidies , (ii) Grants given to State Governments , (iii) Repayment of loans , (iv) Construction of school buildings.



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**16.** Giving reasons classify the following into direct and indirect tax : (i) Corporate tax , (ii) Goods and Services Tax.

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**17.** State the basis of classifying government expenditure into revenue and capital expenditure . Give an examples of each.

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**18.** Give the meaning of revenue deficit , fiscal deficit and primary deficit .



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**19.** What are the implication of a large revenue deficit ? Give two measures to reduce this deficit .



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**20.** Explain the concept of fiscal deficit in a government budget . What does it indicate ?



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**21.** Distinguish between revenue deficit and fiscal deficit .



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**22.** Discuss the two sources to finance fiscal deficit .



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**23.** Elaborate economic growth as objective of government budget.



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**24.** Distinguish between Revenue Expenditure and Capital Expenditure in a government budget . Give examples.



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**25.** Reduction in income inequalities raises welfare of the people . How can government help through government budget , in this regard ? Explain.



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**26.** Explain any one objective of Government Budget.



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**27.** State three sources each of revenue receipts and capital receipts in government budget.



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**28.** Explain the distinction between fiscal deficit and primary deficit .



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**29.** What is the basis of classifying government expenditure into Revenue Expenditure and Capital Expenditure ? Which of these types of expenditure is payment of salaries to government employees and why ?



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**30.** Explain the basis of classifying government receipts into revenue receipts and capital receipts . Which type of these receipts are borrowings by government and why ?



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**31.** Is the following revenue expenditure or capital expenditure in the context of government budget ? Give reason.

(i) Expenditure on collection of taxes.

(ii) Expenditure on purchasing computers.



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## Long Answer Type Questions

1. Define Government budget. Explain the various objectives of a government budget.



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2. What is meant by non-tax revenue ? Explain the different sources of non-tax revenue.



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**3. What is meant by budget expenditure ?**

Distinguish between revenue expenditure and capital expenditure .



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**4. What is the meaning of revenue receipts ?**

What are the main sources of revenue receipts ?



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5. Discuss the meaning of following deficits : (i) Revenue Deficit , (ii) Fiscal Deficit , and (iii) Primary Deficit.



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6. Distinguish between (a) Direct tax and indirect tax (b) Primary deficit and Revenue Deficit .



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7. Distinguish between the following : (a) Revenue receipts and Capital receipts , (b) Revenue deficit and Fiscal deficit .



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8. Explain the objectives of resource allocation and income distribution in a government budget .



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9. Explain the role the government can play through the budget in influencing allocation of resources.



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10. Explain how the government can use the budgetary policy in reducing inequalities in incomes.



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**11.** Explain the role of government budget in fighting inflationary and deflationary tendencies.



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**12.** What is government budget ? Explain how taxes and subsidies can be used to influence allocation of resources.



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**13.** What is the difference between direct tax and indirect tax ? Explain the role of government budget in influencing allocation of resources.



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**14.** Explain the budgetary measures for achieving following objectives : (i) Setting up of production units in backward regions , (ii) Reducing inequalities of income and wealth.



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**15.** Define revenue receipts in a government budget . Explain how government budget can be used to bring in price stability in the economy.



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**16.** Explain the basis of classifying taxes into direct and indirect tax . Give two examples of each .



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**17.** What is the difference between revenue expenditure and capital expenditure ? Explain how taxes and government expenditure can be used to influence distribution of income in the society.



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**18.** What is government budget ? Explain its major components .



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**19.** Explain : (a) Allocation of Resources , and (b) Economic Stability as objectives of Government Budget .



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**20.** Explain the distinction between Revenue Receipts and Capital Receipts in a government budget . Give their components.



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## Unsolved Practicals

1. In a government budget , revenue deficit is ₹ 40 crores. If revenue receipts are ₹ 90 crores and capital receipts ₹ 60 crores , then how much is the revenue expenditure .



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2. In a government budget , primary deficit is ₹ 5000 crores and interest payment is ₹ 4 , 000 crores . How much is the fiscal deficit ?



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3. As per the government budget , the interest payments are estimated at ₹ 1 , 60 ,000 crores. If total borrowing requirements of the government are ₹ 2, 40 , 000 crores , how much is primary deficit.





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4. The interest payments as per the government budget during a year are ₹ 13,500 crores, which is 30% of primary deficit. Calculate fiscal deficit?



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5. From the following data about a government budget, find out (a) Revenue Deficit, (b) Fiscal Deficit and (c) Primary Deficit

:



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**6. Calculate (a) Revenue Deficit , (b) Fiscal Deficit and (b) Primary Deficit from the following data :**



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7. From the given information , calculate : (a) Revenue Receipts (b) Fiscal Deficit and (c) Primary Deficit :



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8. From the given information , determine : (a) Capital Expenditure and (b) Interest Payments :







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