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Questions:

Multiple Choice Question

1. Budget is placed before:
   (a) Lok Sabha (b) Rajya Sabha (c) Both Lok Sabha and Rajya Sabha (d) Parliament
2. In order to tackle the problem of rising general price level in an economy, government may come up with a surplus budget to achieve the budget objective of
   (i) reallocation of resources
   (ii) price stability
   (iii) redistribution of income
   (a) Only (i) (b) Only (ii) (c) Only (iii) (d) (i) and (ii)
3. Statement I : Public goods are non-excludable.
   Statement II : Consumption of public goods by people is of rivalrous nature.
   (a) Both statements are true (b) Both statements are false (c) Statement I is true and Statement II is false (d) Statement II is true and Statement I is false
4. "Budget is used as an important policy instrument to combat flucuations in an economy". In the light of above lines, identify the related objective of government budget.
   (a) Allocation of resources (b) Stablisation of price (c) Growth of the economy (d) Redistribution of income
5. Identify which of the following is an example of non-debt capital receipt?
   (a) Financial aid from MNC for victims in flood affected area (b) Borrowings from International Monetary Fund (IMF) (c) Recovery of loans from State Governments.
   (d) Dividend paid by State Bank of India (SBI) to the Government
6. The government can achieve its budget objective of 'Redistribution of Income' by
   (a) managing the general price level in the economy to the desired level (b) increasing the Gross Domestic Product (GDP) of the economy
   (c) bringing the production of goods and services under (d) rationalisation of taxes in pro-poor direction
7. The Government of India has decided to vaccinate the adult population of India (with Covaxin/ Covishield), without any charge. This would be categorised as
   (a) revenue nature income (b) capital nature expenditure (c) revenue nature expenditure (d) capital nature income
8. Statement I : Public goods are those goods and services that are collectively consumed by the public.
   Statement II : Public goods are excludable and rivalrous in nature.
   (a) Both statements are true (b) Both statements are false (c) Statement I is true and Statement II is false (d) Statement II is true and Statement 1 is false
9. Statement I : Subsidies do not add any burden on the financial health of a nation.
   Statement II : Complete removal of subsidies may violate the aim of equitable distribution of income.
   (a) Both statements are true (b) Both statements are false (c) Statement I is true and Statement II is false. (d) Statement II is true and Statement I is false
10. Dividends received from Public Sector Undertakings (PSUs) are a part of the government's.....
    (a) non-tax revenue receipts (b) tax receipts (c) capital receipts (d) capital expenditure
11. _____ 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
12. 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
13. Which of the following is a direct tax?
    (a) Corporation tax (b) Entertainment tax (c) Excise duty (d) Service tax
14. Which of the following is a source of capital receipt?
    (a) Foreign donations (b) Dividends (c) Disinvestment (d) Indirect taxes
15. Which one of these is a revenue expenditure?
    (a) Purchase of shares (b) Loans advanced (c) Subsidies (d) Expenditure on acquisition of land
16. Which one of the following is a combination of direct taxes?
    (a) Excise duty and Wealth tax (b) Service tax and Income tax (c) Excise duty and Service tax (d) Wealth tax and Income tax
17. 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
18. Borrowings in government budget are
    (a) revenue deficit (b) fiscal deficit (c) primary deficit (d) deficit in taxes
19. What is the objective of Government Budget.
    (a) Economic Development (b) Balanced Regional Development (c) Redistribution of Income and Wealth (d) All the above
20. The expenditures which neither create an asset, nor reduce any liability for the Government is called :
    (a) Revenue Expenditure (b) Capital Expenditure (c) Both (a) and (b) (d) None of the above
21. Escheats is an example of:
    (a) Capital receipts (b) Revenue receipts (c) Capital expenditure (d) Revenue Expenditure
22. Disinvestment is a _____ receipt of the government.
    (a) Revenue (b) Capital (c) Plan (d) Non-Plan
23. Union Budget is the budget of :
    (a) Central Government (b) Local Government (c) State Government (d) Election Commission
24. The non-tax revenue in the following is:
    (a) Income tax (b) Corporate Tax (c) Dividends (d) License Fee
25. Which of the following sources of receipts in the government budget increases its liabilities?

(a) Direct taxes (b) Recovery of loans (c) Borrowings (d) Dividend from public sector undertakings

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