

Introductory Macroeconomics

Class : 12

Worksheet on Government Budget and the Economy

Reference:

NCERT text book

Date of submission

Date of issue

I Very short answer type questions (Each question carries ONE Mark)

- 1 What is meant by fiscal deficit in a government budget?
- 2 What are the non-tax revenue receipts?
- 3 Why are the borrowings by the government a capital receipt?
- 4 A government budget shows primary deficit of Rs.4, 400crores. The revenue expenditure on interest payment is Rs.400crores. How much is the fiscal deficit?
- 5 What should be the safe limit of fiscal deficit as a percentage of Gross Domestic Product?
- 6 Name the type of budget wherein the estimated revenue falls short of the estimated expenditure.
- 7 What happens to aggregate demand when the government budget is in deficit?
- 8 What is commercial revenue?

II Short answer questions (Each question carries THREE to FOUR Marks)

- 9 What is the difference between Revenue Budget and Capital Budget?
- 10 Define a tax. Distinguish between direct and indirect tax. Give two examples of each.
- 11 What is meant by revenue deficit? What are the implications of this deficit?
- 12 Giving reasons, categorise the following into revenue receipts and capital receipts:
 - (i) Recovery of loans
 - (ii) Corporation tax
 - (iii) Dividends on investment made by government
 - (iv) Dividends on investments made by government
- 13 Explain the following terms. Give two examples of each.
 - (i) Plan and non-plan expenditure of Government.
 - (ii) Development and non-development expenditure of government.
- 14 If the government aims to attract investors for opening production units in the backward regions of the country, Explain what steps the government can take in this direction through its budget?
- 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.

- 16 How is tax revenue different from administrative revenue?
- 17 Give the meanings of balanced budget, surplus budget and deficit budget.

III Long Answer type questions. (Each question carries SIX Marks)

- 18 Define a government budget. Briefly explain the objectives of government budget.
- 19 From the budget estimates of Government of India for the year 2000-2001. Calculate (i) Revenue deficit (ii) Fiscal Deficit (iii) Primary Deficit:

	(Rs.crores)
(a) Revenue Receipts	2,037
(b) Revenue Expenditure	2,811
(c) Capital Receipts	1,348
(d) Capital Expenditure	574
(e) Recoveries of loans and other receipts	235
(f) Borrowing and other liabilities	1,113
(g) Interest payments	1,013

20. What is budgetary deficit? How can it be financed?