

Gov Bud. - M & O - Reason-Based (Comp. of Sub)

Q.1. Government budget is a statement of actual receipts and actual expenditure of the government during the past year.

Ans. False. Government budget is a statement of estimated receipts and estimated expenditure of the government during the next fiscal year.

Q.2. Government budget is presented only by the central government in India.

Ans. False. Government budget is presented by the central government as well as the state governments in India.

Q.3. The budget reveals the financial performance of the government as well as financial programmes and policies of the government over the past one year.

Ans. False. The budget reveals the financial performance of the government over the past one year, but the financial programmes and policies of the government for the next one year.

Q.4. Budget shows monetary policy of the government.

Ans. False. Budget shows fiscal policy (or budgetary policy) of the government for the year to come.

Q.5. Budget is in surplus when the last year receipts of the government > last year expenditure of the government.

Ans. False. Budget is in surplus when the estimated receipts of the government > estimated expenditure of the government for the next fiscal year.

Q.6. In India, the government budget does not relate itself to the problem of economic divide.

Ans. False. In India, the government budget does relate itself to the problem of economic divide (the gulf between the rich and the poor). The problem is combated by the revenue and expenditure policy of the government. On the revenue side, the government offers tax exemption to poorer sections of the society. On the expenditure side, the government offers free education and healthcare to those who are below the poverty line.

Q.7. In India, SEZ promotes development of backward regions.

Ans. True. In India, SEZ promotes development of backward regions because taxes are moderate in SEZ compared to other parts of the domestic economy. Moderate taxes along with infrastructural development make SEZ an attractive destination for investment. This contributes to balanced regional growth.

Q.8. Inclusive growth is not within the ambit of budgetary policy of the government.

Ans. False. Inclusive growth implies that the benefits of growth accrue to all sections of the society. 'Taxes and subsidies' are an important element of budgetary policy, and these are meant to promote inclusive growth.