BAL BHARATI PUBLIC SCHOOL, PITAMPURA

CLASS :XII, ECONOMICS

CHAPTER- GOVERNMENT BUDGET AND THE ECONOMY

ASSIGNMENT 2

I. Choose the correct alternative.

1. The policies useful to reduce inequalities of income are the
   a) Monetary policies
   b) Public distribution policies
   c) Budgetary policies
   d) Foreign policies

2. Budgetary policies are implemented by the
   a) Foreign sector
   b) Finance Ministry
   c) Government
   d) Private sector

3. Primary deficit in a government budget will be zero, when ___________
(a) Revenue deficit is zero
(b) Net interest payments are zero
(c) Fiscal deficit is zero
(d) Fiscal deficit is equal to interest payment

4. Revenue deficit in India is:
(a) Positive
(b) Negative
(c) Zero
(a) Balanced

5. If borrowing and other liabilities are added to the budget deficits we get ____:
(a) Fiscal Deficit
(b) Primary Deficit
(c) Capital Deficit
(a) Revenue Deficit

6. . _______ refers to public revenue, expenditure and allied matters.
(a) Fiscal policy
(b) Monetary policy
(c) Economic policy
(a) None of these.

7. “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

8. ________ is the difference between total receipts and total expenditure:
(a) Fiscal Deficit
(b) Budget Deficit
(c) Revenue Deficit
(a) Capital Deficit

9. Which of the following is/are implications /s of fiscal deficit?
(a)National debts for future generations
(b) Inflationary tendencies
(c) Erosion of government credibility.
(d) All of these

10. Aerated drinks like coke cause obesity, the government can help in restricting its consumption by :
(a) imposing heavy tax on it
(b) prohibiting its sale in the school canteen.
(c) increasing its price
(d) counseling the students through school.

II. **State whether the following statements are *true* or *false*. Support your answer with reason.**
(a) Taxation is an effective tool to reduce the inequalities of income.
(b) Revenue deficit increases when government fails to recover loans forwarded to different nations.
(c) Government budget is a statement of actual receipts and expenditures of the government.
(d) Fiscal deficit is always greater than revenue deficit.
(e) Primary deficit is the difference between revenue deficit and interest payments.

III. A Given the following data estimate the values of (i) Revenue deficit, and (ii) Fiscal deficit

S.No.	Particulars	Amount (in < Crores)
1	Tax Revenue	1,000
2	Non-Tax Revenue	150
3	Net Borrowings by Government	780
4	Disinvestment Proceeds	50

5	Revenue Expenditure	1,500
6	Capital Expenditure	480

B. From the following data, calculate
1. Fiscal deficit
2. Revenue deficit
3. Primary deficit

	Particulars	(Rs in arabs)
(i)	Tax Revenue	47
(ii)	Capital recipts	34
(iii)	Non tax revenue	10
(iv)	Borrowings	32
(v)	Revenue expenditure	80
(vi)	Interest payments	20

IV. Answer the following questions:

1. Suppose you are a member of the ''Advisory Committee to the Finance Minister of India''. The Finance Minister is concerned about the rising Revenue Deficit in the budget. Suggest any one measure to control the rising Revenue Deficit of the government.

2. How can a government budget help reduce inequalities through the redistribution of income? Explain.

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

4. Explain the reallocation of resource function of government budget.

5. "A cut in subsidies puts the government in a dilemma". Comment.