

D) MULTIPLE CHOICE QUESTIONS

1) Law and order and defence of the country are the examples of -

- A) Private good
- B) Public good
- C) Economic good
- D) Non economic goods

Answer-B

2) Subsidies are offered by the government-

- A) to encourage the production of certain goods
- B) to discourage the production of certain goods
- C) to encourage the consumption of certain goods
- D) both a and c

Answer-D

3) Government budget shows estimated expenditure of the government in terms of-

- A) consumption expenditure
- B) investment expenditure
- C) transfer payment
- D) all of these

Answer-D

4) Public goods are those goods-

- A) which satisfy the collective needs of the people
- B) which satisfy needs of the government
- C) which are available only to those people who are below poverty line
- D) none of these

Answer-A

5) Capital receipt -

- A) do not create any liability for the government
- B) do not cause any reduction in assets of the government
- C) cause reduction in assets of the government
- D) both A and B

Answer-C

6) Borrowing by the government is a-

- A) revenue receipt
- B) capital receipt
- C) revenue expenditure
- D) capital expenditure

Answer-B

7) Those receipts which arise from sources other than taxes are called-

- A) tax receipt
- B) non tax receipts
- C) revenue receipts
- D) capital receipts

Answer-B

8) Which of the following is correct in case of revenue expenditure-

- A) it reduces the liabilities of the government
- B) it does not create any asset for the government
- C) it creates asset for the government
- D) none of these

Answer-B

9) Purchase of shares is related to

- A) revenue receipt
- B) revenue expenditure
- C) capital receipt
- D) capital expenditure

Answer-D

10) Revenue deficit can be managed through

- A) borrowing from RBI borrowing
- B) from the general public
- C) disinvestment
- D) all of these

Answer-D

11) Greater fiscal deficit implies-

- A) greater borrowing by the government
- B) fiscal indiscipline in the country
- C) fiscal responsibility
- D) both a and b

Answer-D

12) Primary deficit=

- A) revenue deficit -interest payment
- B) revenue deficit +interest payment
- C) fiscal deficit- interest payment
- D) fiscal deficit+ interest payment

Answer-C

13) If revenue expenditure is Rs. 10,500 and revenue receipt is Rs. 9300,then revenue deficit is

- A) rupees 1200

- B) rupees 9300
- C) rupees 10,500
- D) rupees 19,800

Answer-A

14) The non tax revenue in the following is-

- A) export duty
- B) import duty
- C) dividends
- D) excise

Answer-C

15) 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 good
- D) the income earner

Answer-D