



INDIAN SCHOOL AL WADI AL KABIR

Class: XII	Department: Commerce
Revision Worksheet	Topic: GOVERNMENT BUDGET

- Which of the following statements is correct about government spending?
 - When a government spends more than it can collect as revenue, it incurs a revenue expenditure.
 - When a government spends more than it can collect as revenue, it incurs a capital expenditure.
 - When a government spends more than it can collect as revenue, it incurs a budget deficit.
 - When a government spends more than it can collect as revenue, it incurs a budget surplus.
- Spot the capital receipt.
 - Tax received
 - External grant received
 - Dividend received
 - Disinvestment
- Fiscal deficit in a Government budget refers to:
 - Shortfall in taxes
 - Shortfall in disinvestment
 - Disinvestment requirement
 - Borrowings requirement
- Primary deficit in Government budget will be zero when....
 - Revenue deficit is zero
 - Net interest payments are zero.
 - Fiscal deficit is zero
 - Fiscal deficit is equal to interest payment
- What is the duration of a financial year?
 - October 1st to September 30th
 - January 1st to December 30th
 - April 1st to March 30th
 - None of the above
- What is the name of the process under which the government starts to sell its securities to the private sector?
 - Disinvestment
 - Monetary expansion
 - Open market operations
 - All of the above
- Which of the following statements is true about the fiscal deficit?
 - The fiscal deficit is financed through primary deficit
 - The fiscal deficit is financed through revenue deficit
 - The fiscal deficit is financed through borrowings

- d. The fiscal deficit is financed through taxes
8. Which of the following statements is true about an unbalanced budget?
- In an unbalanced budget, the expenditure is relatively higher than income
 - In an unbalanced budget, the income is greater than the expenditure
 - In an unbalanced budget, the deficit gets covered either by loans or by printing notes
 - Only a and c are correct
9. Which of the following statements about the capital budget is accurate?
- The capital budget consists of direct and indirect tax
 - The capital budget consists of capital expenditure and capital receipts
 - The capital budget consists of revenue expenditure and revenue receipts
 - The capital budget consists of direct taxes

Reason-Based questions: State true/False:

- Revenue receipts do not impact asset and liability status of the Government.
- Balanced budget is the budget in which revenue receipts=revenue expenditures.
- Capital receipts add to liabilities of the government.
- Loans offered by the central government to the state Governments can be treated as capital expenditures by the central government.

Numericals:

- Find borrowing by the Government if payment of interest is estimated to be Rs 15000 crores.
- Revenue deficit is estimated to be Rs 20000 crores and borrowing is estimated to be Rs 15000 crores. If expenditure on interest payment is estimated to be 50% of the revenue deficit, find fiscal deficit and primary deficit.

Assertion Reason Based questions:

Read the following statements: Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Alternatives:

- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- Assertion (A) is true but Reason (R) is False
- Assertion (A) is False but Reason (R) is true.

1. Assertion (A): The government has allocated extra money in Budget 2021 to provide safe drinking water facilities and sanitation to the people.

Reason (R): The government does it because sanitation and providing drinking water are public goods.

2. Assertion (A): The impact and incidence of indirect tax lie on different persons

Reason (R): Indirect Taxes can be avoided by not entering into those transactions, which call for such taxes.

3. Assertion (A): Expenditure on Ujjwala Yojana launched by the Government is an example of revenue expenditure.

Reason (R): It is the expenditure that neither created assets nor reduced liabilities of the Government.

4. Assertion (A): The government budget is an important monetary policy instrument.

Reason (R): Government budget is a financial statement of budgetary receipts and budgetary expenditure of the government during a fiscal year.

Case-Based questions:

There is a constitutional requirement in India (Article 112) to provide earlier than the Parliament an assertion of envisioned receipts and costs of the authorities in appreciate of each economic 12 months which runs from 1 April to 31 March. This 'Annual Financial Statement' constitutes the principle price range report of the authorities. Although the price range report pertains to the receipts and expenditure of the authorities for a specific economic 12 months, the effect of it is going to be there in next years. Therefore, there may be a want to have accounts- those who relate to the modern economic 12 months most effective are covered within the sales account (additionally referred to as sales price range) and people that problem the belongings and liabilities of the authorities into the capital account (additionally referred to as capital price range).

Budget is ready via way of means of authorities in any respect levels, i.e., vital authorities, country Government and neighbourhood authorities, prepares its respective annual price range. Estimated costs and receipts are deliberate as in step with the goals of the authorities. It is needed to be authorised via way of means of the parliament, earlier than it could be implemented. The price range well-known shows the economic overall performance of the authorities in the remaining 12 months and economic rules for the approaching financial 12 months. In India, price range is supplied inside the parliament on this kind of day, because the President can also additionally direct. By convention, Finance Minister offers the yearly price range of the authorities, on the primary day of February, every 12 months.

◦ Question 1:

Who offers the yearly price range and whilst?

◦ Question 2:

Fill within side the Blanks:

(a) Estimated costs and receipts are _____ as in step with the goals of the authorities.

(b) Budget is needed to be authorised via way of means of the _____, earlier than it could be implemented.

(c) The price range well-known shows the _____ overall performance of the authorities within the remaining 12 months and economic rules for the approaching financial 12 months.

(d) In India, price range is supplied inside the parliament on this kind of day, because the _____ can also additionally direct.

(e) Although the price range report pertains to the receipts and expenditure of the authorities for a specific _____, the effect of it is going to be there in next years.

◦ Question 3:

State whether or not True or False.

(a) The 'Annual Financial Statement' constitutes the principle price range report of the authorities.

(b) In India, price range is supplied within the parliament on this kind of day, because the Prime Minister can also additionally direct.

(c) Budget is ready via way of means of authorities in any respect levels, i.e., vital authorities, country Government and neighbourhood authorities, prepares its respective annual price range.

(d) Budget is needed to be authorised via way of means of the President, earlier than it could be implemented.

◦ Question 4:

Why there may be a want to have accounts?