



**INDIAN SCHOOL MUSCAT**  
**SENIOR SECTION**  
**DEPARTMENT OF COMMERCE AND HUMANITIES**  
**CLASS XII**  
**MACRO ECONOMICS**  
**WORKSHEET – 8 GOVERNMENT BUDGET AND THE ECONOMY**

**VERY SHORT ANSWERS / OBJECTIVE TYPE (1 MARK)**

1. \_\_\_\_\_ is equal to fiscal deficit less interest payment
2. The receipts which neither create any liability nor lead to any reduction in asset are called \_\_\_\_\_
3. Recovery of loans , borrowing and disinvestment etc. are the example of \_\_\_\_\_ receipts
4. Value added tax is an example of \_\_\_\_\_ tax.
5. Income tax is \_\_\_\_\_ tax. ( progressive / regressive )
6. Borrowing in a government budget is :
  - a) Revenue deficit      b) primary deficit      c) fiscal deficit      d) all of the above
7. Providing subsidized LPG to the poor people is :
  - a) Allocation function
  - b) Distribution function
  - c) Stabilization function
  - d) Both a and b
8. What is government budget?
9. What are non -tax revenue?
10. Fiscal deficit are necessarily inflationary ( True / False )

**SHORT ANSWER QUESTIONS ( 3/ 4 MARKS )**

1. Distinguish between revenue receipts and capital receipts
2. Distinguish between revenue expenditure and capital expenditure with suitable examples.
3. Explain the different ways to reduce deficit in government budget.
4. Distinguish capital Budget and Revenue Budget.
5. What is primary deficit? Write its implications.
6. Calculate revenue deficit from the given data and write implication of revenue deficit.

i) Tax revenue	250
ii) Non- tax revenue	150
iii) Revenue expenditure	575
iv) Interest payments	100
v) Capital expenditure	120

**LONG ANSWER QUESTIONS (6 MARKS)**

7. Explain the function of government budget.
8. How do we calculate Fiscal Deficit? Write its implications.