



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian minority Institution

Subject: Economics Class- XI

Date:16/11/2020

Worksheet-4

Chapter- The Fiscal Policy

Topic- Different types of budget deficit, public debt and its effects

1. Choose the correct alternative. 1x15=15
- a) Which one is the tax imposed by state? i) custom duties ii) tax on railway fare
iii) tax on land revenue iv) none of these
 - b) Which are the taxes imposed by centre? i) taxes on the goods in the course of
inter-state trade ii) taxes on capital values of assets, except agricultural land iii)
taxes on alcoholic liquors iv) both (1) and (2)
 - c) Main sources of tax revenue collected by the government are i) taxes on income
ii) taxes on property and capital transactions iii) taxes on commodities and
services iv) all of the above
 - d) Taxes imposed on goods and services are categorized as i) union excise duties
and custom duties ii) wealth tax and estate duty iii) all of the above iv) none of
these
 - e) Which are the direct taxes imposed by state i) excise duties on sugar, cotton,
cement etc ii) land revenue and stamp duty iii) customs duties iv) none of these
 - f) Government expenditure on agriculture and industry is known as i) transfer
payments ii) unproductive expenditure iii) productive expenditure iv) none of
these
 - g) If government spends some money to repay old debt, that is known as i) revenue
expenditure ii) capital expenditure iii) expenditure on goods and services iv)
none of these
 - h) Government asset increases because of i) capital expenditure ii) revenue
expenditure iii) unproductive expenditure iv) none of these

- i) Primary deficit = _____ i) difference between revenue expenditure and revenue receipts ii) difference between Fiscal deficit and interest liabilities iii) difference between capital expenditure and capital receipts iv) none of these
- j) Fiscal deficit = _____ i) difference between revenue expenditure and revenue receipt ii) difference between total expenditure and total receipts iii) difference between total expenditure and non-debt creating receipts iv) none of these
- k) When government is taking loans from government it induces i) increase in money supply in the economy ii) increase in price followed by increase in money supply iii) decrease in the capacity of credit creation by commercial banks iv) none of these
- l) When there is downswing phase in the economy caused by declining aggregate demand then i) expansionary fiscal policy should be adopted ii) contractionary fiscal policy should be adopted iii) both should be adopted iv) none of these
- m) If government is reducing its tax revenue then it is part of i) contractionary fiscal policy ii) expansionary fiscal policy iii) both iv) none of these
- n) If government decreases government expenditure on goods and services, then it is part of i) contractionary fiscal policy ii) expansionary fiscal policy iii) both iv) none of these
- o) According to Keynes if there is unutilized resources and downswing phase in the economy caused by decrease in aggregate demand then i) surplus budget should be used to increase demand ii) balanced budget should be used to increase aggregate demand iii) deficit budget should be used to increase aggregate demand iv) none of these

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