



**ST. LAWRENCE HIGH SCHOOL**



**A Jesuit Christian minority Institution**

**Subject: Economics Class- XI**

**Date:16/11/2020**

**Answer key of Worksheet-4**

**Chapter- The Fiscal Policy**

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

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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 commercial banks 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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