REVISION OF KEY POINTS

- **Government Budget** is an annual statement, showing item wise estimates of receipts and expenditures during a fiscal year, which usually runs from April 1 to March 31.
- **Objectives of Government Budget:** (i) Reallocation of resources; (ii) Reducing inequalities in income and wealth; (iii) Economic Stability; (iv) Management of public enterprises; (v) Economic growth; (vi) Reducing regional disparities.
- **Revenue Receipts** are those receipts that neither create any liability nor reduce any asset of the government. Main sources of revenue receipts are: (i) Tax Revenue; and (ii) Non-tax Revenue.
- **Tax Revenue** refers to sum total of receipts from taxes and other duties imposed by the government. Tax Revenue can be further classified as:
  - (i) ***Direct Taxes:*** Direct taxes refer to taxes that are imposed on property and income of individuals and companies and are paid directly by them to the government.
  - (ii) ***Indirect Taxes:*** Indirect Taxes refer to those taxes which affect the income and property of persons through their consumption expenditure.
- **Non-Tax Revenue** refers to the receipts of the government from all sources other than those of tax receipts. Main sources of non-tax revenue are interest, profits and dividends, fees, fines and penalties, etc.
- **Capital Receipts** are those receipts that either create a liability (like Borrowings) or reduce an asset (like Disinvestment of a PSU) of the government. Main sources of capital receipts are borrowings, recovery of loans and other receipts like disinvestment and small savings.
- **Revenue Expenditure** refers to the expenditure that neither creates any asset nor reduces any liability of the government.
- **Capital Expenditure** refers to the expenditure that either creates an asset (like construction of a school building) or reduces a liability (like repayment of loan) of the government.
- **Revenue Deficit** refers to the excess of revenue expenditure over revenue receipts.
- **Fiscal Deficit** refers to the excess of total expenditure over total receipts (excluding borrowings) during the given fiscal year.
- **Primary Deficit** refers to the difference between fiscal deficit of the current year and interest payments on the previous borrowings.

REVISION EXERCISE

Multiple Choice Questions (MCQs)

1. Which one of the following is not an objective of government budget?
   (a) Reallocation of resources
   (b) Economic Stability
   (c) Increasing regional disparities
   (d) Economic Growth

2. Capital receipts include:
   (a) Tax Revenue
   (b) Non-tax Revenue
   (c) Grants from World Bank
   (d) Borrowings

3. Which of the following statement is true? *{CBSE, Sample Paper 2016}*
   (a) Loans from IMF is a Revenue Receipt.
   (b) Higher revenue deficit necessarily leads to higher fiscal deficit.
   (c) Borrowing by a government represents a situation of fiscal deficit.
   (d) Revenue deficit is the excess of capital receipts over the revenue receipts.

4. Escheats is an example of:
   (a) Capital Receipts
   (b) Revenue Receipts
   (c) Capital Expenditure
   (d) Revenue Expenditure

5. Borrowings are equivalent to:
   (a) Revenue deficit
   (b) Primary deficit
   (c) Fiscal deficit
   (d) None of these

6. Borrowings is a capital receipt because.
   (a) It creates a liability
   (b) It creates an asset
   (c) It reduces a liability
   (d) All of the above

7. Union Budget is the budget of:
   (a) Central Government
   (b) Local Government
   (c) State Government
   (d) Election Commission

8. Revenue Deficit is equal to:
   (a) Total Expenditure – Revenue Receipts
   (b) Revenue Expenditure – Revenue Receipts
   (c) Fiscal Deficit – Interest Payments
   (d) Fiscal Deficit – Revenue Expenditure

9. Interest income is a part of:
   (a) Non-tax Revenue
   (b) Revenue receipts
   (c) Both (a) and (b)
   (d) Neither (a) nor (b)

10. In a government budget, revenue deficit is ₹ 50,000 crores and borrowings are ₹ 75,000 crores. The fiscal deficit will be:
   (a) ₹ 25,000 crores
   (b) ₹ 75,000 crores
   (c) ₹ 1,25,000 crores
   (d) ₹ 50,000 crores

11. Which one is a capital receipt?
   (a) License and court fees received by the government in year 2014-15.
   (b) Financial help from Microsoft for the victims of flood affected areas.
   (c) Sale of 40% shares of public sector undertaking to a private enterprise.
   (d) Profit of LIC, a public enterprise.

12. Which one of the following is a part of capital expenditure?
   (a) Salary paid to army officers
   (b) Expenditure on construction of Metro
   (c) Pension paid to retired government employees
   (d) Interest paid on national debt

13. "Policies of surplus budget during inflation" is a part of which objective of government budget?
(a) Economic Growth
(b) Economic Stability
(c) Reducing Regional Disparities
(d) Reallocation of Resources

14. Which of the following conditions satisfy the concept of revenue receipts?
(a) Does not create a liability
(b) Does not reduce an asset
(c) Neither (a) nor (b)
(d) Both (a) and (b)

15. Identify the non-tax revenue from the following statement: "It refers to claim of the government on the property of a person who dies without leaving behind any legal heir or a will".
(a) Special Assessment
(b) Escheats
(c) Forfeitures
(d) Fees

16. Which one of the following statements is incorrect?
(a) Revenue receipts are regular in nature.
(b) There is no future obligation to return the amount in case of revenue receipts.
(c) Capital receipts either create an asset or cause a reduction in the liabilities of the government.
(d) Borrowings are treated as capital receipt as they lead to an increase in liability.

17. Fees of the government college is a revenue receipt because:
(a) It creates liability of the government.
(b) It neither creates any liability nor reduces any asset of the government.
(c) It neither creates any asset nor reduces any liability of the government.
(d) It increases asset of the government.

18. If the budgetary deficit of the government is ₹ 25,000 crores and the borrowings and other liabilities are ₹ 7,000 crores, how much will be the fiscal deficit?
(a) ₹ 25,000 crores
(b) ₹ 32,000 crores
(c) ₹ 18,000 crores
(d) ₹ 7,000 crores

19. Identify the indirect tax from the following options:
(a) Corporate Tax
(b) Income Tax
(c) Goods and Services Tax (GST)
(d) Capital Gains Tax

20. Which of the following are the components of a budget?
(a) Capital Budget
(b) Revenue Budget
(c) Both (a) and (b)
(d) Neither (a) nor (b)

21. 'Construction of a school building' is a:
(a) Capital Receipt
(b) Revenue Expenditure
(c) Capital Expenditure
(d) Revenue Receipt

22. If estimated government receipts are more than estimated government expenditure, it is said to be a:
(a) Surplus Budget
(b) Deficit Budget
(c) Balanced Budget
(d) None of these

23. Budget Deficit means:
(a) Total Expenditure – Total Receipts
(b) Capital Expenditure – Capital Receipts
(c) Total Expenditure – Total Receipts (excluding borrowings)
(d) Total Expenditure – Revenue Receipts

24. If borrowings and other liabilities are added to the budgetary deficit, we get:
(a) Fiscal deficit
(b) Primary deficit
(c) Capital deficit
(d) Revenue deficit

25. The incidence of tax refers to:
(a) Level and rate of taxation
(b) Who ultimately bears the money burden of the tax
(c) Growth of taxation
(d) Way in which a tax is collected

26. The government budget has a revenue deficit. This gets financed by: *{CBSE, Sample Paper 2015}*
A. Borrowing
B. Disinvestment
C. Tax revenue
D. Indirect taxes
(a) A and D
(b) C and D
(c) A and B
(d) C and B

27. Which of the following statement is not true for fiscal deficit? *{CBSE, Sample Paper 2015}*
A fiscal deficit:
(a) represents the borrowing of the government.
(b) is the difference between total expenditure and total receipts of the government.
(c) is the difference between total expenditure and total receipts other than borrowing.
(d) increases the future liability of the government.

28. Borrowing in government budget is: *{CBSE, Delhi 2015}*
(a) Revenue deficit
(b) Fiscal deficit
(c) Primary deficit
(d) Deficit in taxes

29. The non-tax revenue in the following is:
(a) Income Tax
(b) Corporate Tax
(c) Dividends
(d) Borrowings

30. Primary deficit in a government budget is: *{CBSE, All India 2015}*
(a) Revenue expenditure – Revenue receipts
(b) Total expenditure – Total receipts
(c) Revenue deficit – Interest payments
(d) Fiscal deficit – Interest payments

31. Direct tax is called direct because it is collected directly from: *{CBSE, All India 2015}*
(a) The producers on goods produced
(b) The sellers on goods sold
(c) The buyers of goods
(d) The income earners

32. Primary deficit in a government budget equals: *{CBSE, Foreign 2015}*
(a) Interest payments
(b) Interest payments less borrowings
(c) Borrowings less interest payments
(d) None of the above

33. Which one of these is a revenue expenditure? *{CBSE, Foreign 2015}*
(a) Purchase of shares
(b) Loans advanced
(c) Subsidies
(d) Expenditure on acquisition of land

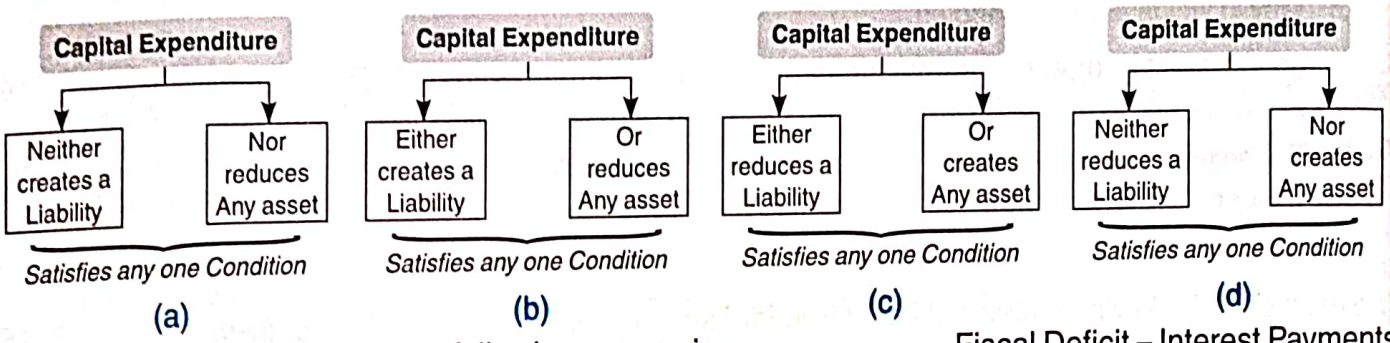
34. Which of the following is a source of capital receipt? *{CBSE, All India Comptt. 2016}*
(a) Foreign Donations
(b) Dividends
(c) Disinvestment
(d) Indirect Taxes

35. Which of the following statements is true? *{CBSE, Delhi Comptt. 2015}*
(a) Fiscal deficit is the difference between total expenditure and total receipts.
(b) Primary deficit is the difference between total receipt and interest payments.
(c) Fiscal deficit is the sum of primary deficit and interest payment.

36. Which of the following is not a revenue receipt? *{CBSE, All India Comptt. 2015}*

(a) Recovery of loans
(b) Foreign grants
(c) Profits of public enterprises
(d) Corporate Tax

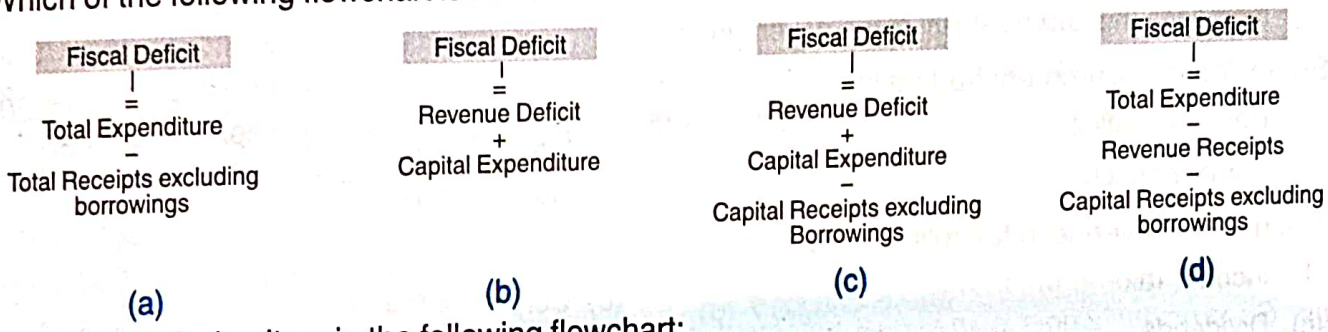
37. Identify the correct flowchart depicting the nature of Capital Expenditure:



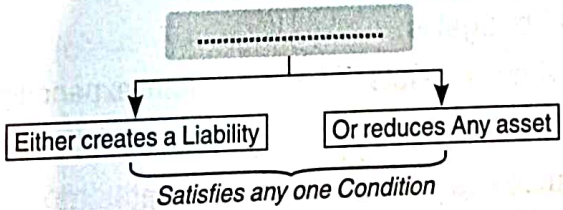
38. Identify the missing item in the following expression: ..... = Fiscal Deficit – Interest Payments

(a) Revenue Deficit
(b) Primary Deficit
(c) Both (a) and (b)
(d) Neither (a) nor (b)

39. Which of the following flowchart is incorrect?

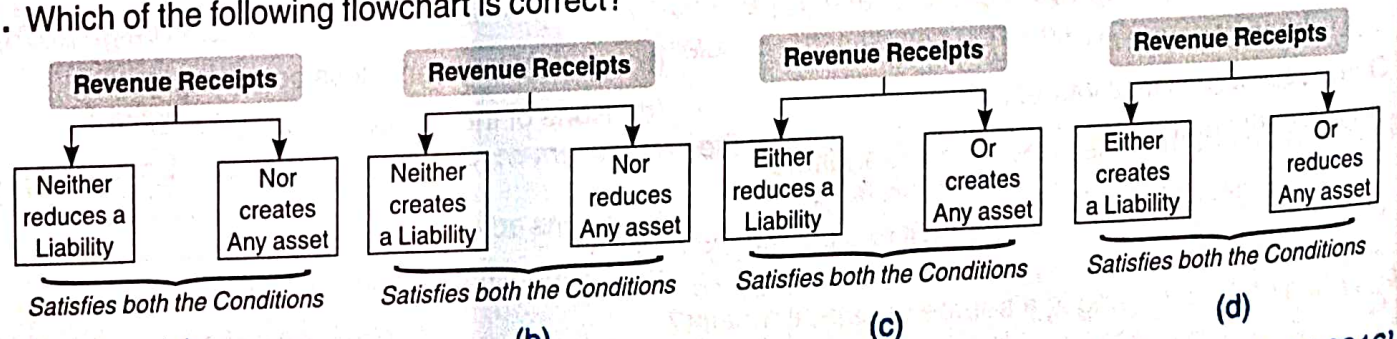


40. Identify the missing item in the following flowchart:



(a) Capital Receipts
(b) Revenue Receipts
(c) Revenue Expenditure
(d) Capital Expenditure

41. Which of the following flowchart is correct?



{CBSE, Delhi 2016}

42. Fiscal deficit equals:

(a) Interest payments
(b) Borrowings
(c) Interest payments less borrowing
(d) Borrowings less interest payments

{CBSE, All India 2016}

43. Primary deficit equals:

(a) Borrowings
(b) Interest payments
(c) Borrowings less interest payments
(d) Borrowings and interest payments both

44. Disinvestment by government means: {CBSE, Foreign 2016}
(a) Selling of its fixed capital assets
(b) Selling of shares of public enterprises held by it
(c) Selling of its buildings
(d) All the above

45. Which of the following sources of receipts in government budget increases its liabilities? {CBSE, Delhi Comptt. 2016}
(a) Direct taxes
(b) Recovery of loans
(c) Borrowings
(d) Dividend from public sector undertakings

46. Fiscal deficit equals: (Choose the correct alternative) {CBSE, Delhi Comptt. 2017}
(a) Primary deficit minus interest payments
(b) Primary deficit plus interest payments
(c) Total budget expenditure minus total budget receipts
(d) None of the above

47. Primary deficit is equal to: {CBSE, Sample Paper 2017}
(a) Fiscal Deficit Less Interest Payments
(b) Revenue Deficit Less Borrowings
(c) Borrowings Less Interest Payments
(d) Borrowings Less Fiscal Deficit

Ans. **1.** (c); **2.** (d); **3.** (c); **4.** (b); **5.** (c); **6.** (a); **7.** (a); **8.** (b); **9.** (c); **10.** (b); **11.** (c); **12.** (b); **13.** (b); **14.** (d); **15.** (b); **16.** (c); **17.** (b); **18.** (b); **19.** (c); **20.** (c); **21.** (c); **22.** (a); **23.** (a); **24.** (a); **25.** (b); **26.** (c); **27.** (b); **28.** (b); **29.** (c); **30.** (d); **31.** (d); **32.** (c); **33.** (c); **34.** (c); **35.** (c); **36.** (a); **37.** (c); **38.** (b); **39.** (b); **40.** (a); **41.** (b); **42.** (b); **43.** (c); **44.** (b); **45.** (c); **46.** (a); **47** (a)

Very Short Answer Type Questions *(1 Mark each)*

Q. 1. Define government budget. {CBSE, Delhi 2003, 09, 13, 14, All India 2017 (I, II)}
Ans. Government budget is an annual statement, showing item wise estimates of receipts and expenditures during a fiscal year.

Q. 2. State any one objective of a government budget. {CBSE, Delhi 2008}
Ans. Reallocation of resources.

Q. 3. What are revenue receipts in a government budget? {CBSE, Delhi 2016 (II)}
Ans. Revenue receipts refer to those receipts which neither create any liability nor cause reduction in the assets of the government.

Q. 4. Define a tax. {CBSE, Delhi 2004, 12}
Ans. Tax is a compulsory payment imposed on persons and companies to meet the expenditure incurred by the government for common benefit of the people in the country.

Q. 5. Define a 'direct tax'. {CBSE, All India 2012}
Ans. Direct tax refers to the tax that is imposed on the property and income of persons and is paid directly by the consumers to the government.

Q. 6. Why is Goods and Services Tax (GST), an indirect tax?
Ans. The burden of GST can be shifted to other persons (ultimate consumers).

Q. 7. What is the basic difference between direct and indirect tax?
Ans. In case of direct tax, the burden cannot be shifted, i.e. impact and incidence is on the same person whereas, the burden of indirect tax can be shifted, i.e., the impact and incidence is on different persons.

Q. 8. Define non-tax revenue. {CBSE, Sample Paper 2008}
Ans. Non-Tax revenue refers to the receipts of the government from sources other than those of tax receipts.

Q. 9. State any two sources of non-tax revenue receipts.
Ans. (i) Interest; (ii) Profits and Dividends.

Q. 10. What are capital receipts in a government budget? *{CBSE, All India 2016 (III), Foreign 2017}*

Ans. Capital receipts refer to those receipts which either create a liability or cause a reduction in the assets of the government.

Q. 11. Why are taxes received by government not capital receipts? *{CBSE, All India 2009}*

Ans. Taxes received by government are not capital receipts because they neither create any liability nor cause a reduction in the assets of the government.

Q. 12. Why is interest termed as a revenue receipt?

Ans. Interest is a revenue receipt because it neither creates any liability nor causes a reduction in the assets of the government.

Q. 13. Why are borrowings a capital receipt? *{CBSE, Delhi 2009}*

Ans. They create a liability (in terms of repayment).

Q. 14. What is revenue expenditure? *{CBSE, Delhi 2016 (I)}*

Ans. Revenue expenditure refers to the expenditure which neither creates any asset nor causes a reduction in any liability of the government.

Q. 15. What is meant by capital expenditure?

Ans. Capital expenditure refers to the expenditure which either creates an asset or causes a reduction in the liabilities of the government.

Q. 16. Why is payment of interest a revenue expenditure? *{CBSE, Delhi 2005}*

Ans. Payment of interest is treated as a revenue expenditure because it neither creates any asset nor causes a reduction in any liability of the government.

Q. 17. Why are subsidies treated as revenue expenditure? *{CBSE, Delhi 2005}*

Ans. Subsidies are treated as revenue expenditure because they neither create any asset nor cause a reduction in any liability of the government.

Q. 18. Why is repayment of loan a capital expenditure? *{CBSE, Delhi 2005, 09}*

Ans. It reduces the liabilities of the government.

Q. 19. Why is recovery of loans treated as a capital receipt? *{CBSE, All India 2005}*

Ans. Recovery of loans is treated as a capital receipt because it reduces assets of the government.

Q. 20. Why are receipts from taxes categorised as revenue receipts? *{CBSE, All India Comptt. 2005}*

Ans. Receipts from taxes are categorised as revenue receipts because they neither create any liability nor cause a reduction in the assets of the government.

Q. 21. If the total receipts are ₹ 3,000 crores and total expenditure is ₹4,200 crores, how much will be the budgetary deficit?

Ans. Budgetary Deficit = Total Expenditure – Total Receipts = 4,200 – 3,000 = ***₹ 1,200 crores.***

Q. 22. What is revenue deficit? *{CBSE, All India 2013, Delhi 2016 (III), 2017 (II)}*

Ans. Revenue deficit refers to the excess of revenue expenditure over revenue receipts.
Revenue Deficit = Revenue Expenditure – Revenue Receipts

Q. 23. If the revenue receipts are ₹1,000 crores and revenue expenditure is ₹ 1,200 crore, how much will be the revenue deficit?

Ans. Revenue Deficit = Revenue Expenditure – Revenue Receipts = ***1,200 – 1,000 = ₹ 200 crores.***

Q. 24. Define fiscal deficit. *{CBSE, All India 2014, 2016 (II), Delhi 2017 (III)}*

Ans. Fiscal deficit refers to the excess of total expenditure over total receipts (excluding borrowings) during the given fiscal year. Fiscal Deficit = Total Expenditure – Total Receipts (excluding borrowings)

Q. 25. What does fiscal deficit represent?

Ans. Fiscal deficit represents the borrowing requirements of the government.

Q. 26. What is 'primary deficit'? *{CBSE, Foreign 2014, Delhi 2017 (I)}*

Ans. Primary deficit refers to the difference between fiscal deficit of the current year and interest payments on the previous borrowings.

Q. 27. How is primary deficit calculated? *{CBSE, Sample Paper 2010, Delhi 2010}*

Ans. Primary Deficit = Fiscal Deficit – Interest Payments

Q. 28. What does zero primary deficit mean?

Ans. Zero primary deficit means that the government has to resort to borrowings only to meet interest commitments on earlier loans.

Q. 29. A government budget shows a primary deficit of ₹ 4,400 crores. The revenue expenditure on interest payment is ₹ 400 crores. How much is the fiscal deficit? *{CBSE, Delhi 2004}*

Ans. Fiscal deficit = Primary Deficit + Interest Payments = 4,400 + 400 = ***₹ 4,800 crores.***

Q. 30. In a government budget, primary deficit is ₹ 10,000 crore and interest payment ₹ 8,000 crore. How much is the fiscal deficit? *{CBSE, All India 2006}*

Ans. Fiscal deficit = Primary Deficit + Interest Payments = 10,000 + 8,000 = ***₹ 18,000 crores.***

Q. 31. In a government budget, revenue deficit is ₹ 50,000 crores and borrowings are ₹ 75,000 crores. How much is the fiscal deficit? *{CBSE, Delhi 2006}*

Ans. ₹ 75,000 crores (as fiscal deficit is equal to the borrowings).

Q. 32. Give two examples of revenue expenditure. *{CBSE, All India Comptt. 2014}*

Ans. (i) Salaries of Government Employees, (ii) Interest Payment.

Q. 33. Give two examples of capital receipts in a government budget. *{CBSE, All India Comptt. 2012}*

Ans. (i) Borrowings from public; (ii) Receipts from sale of shares of a public sector undertaking.

Q. 34. Give an example of indirect taxes.

Ans. Goods and Services Tax (GST).

Q. 35. What one step can be taken through market to reduce the consumption of a product harmful for health? *{CBSE, All India 2013}*

Ans. Imposition of high tax on such product by the government to make it costlier so that its demand comes down.

Q. 36. Name any one step the government can take through its budget to reduce the gap between the rich and the poor. *{CBSE, Delhi Comptt. 2013}*

Ans. Government can reduce the gap between the rich and the poor by imposing taxes on the rich and spending more on the welfare of the poor.

Q. 37. Name any one step that the government can take through its budget to check inflation that is causing hardships to the people. *{CBSE, All India Comptt. 2013}*

Ans. The Government should reduce unproductive public expenditure to check inflation.

Short Answer Type Questions *(3-4 Marks each)*

1. State three objectives of a government budget. *{CBSE, Delhi Comptt. 2011}*
2. Explain objective of stability of prices of government budget *{CBSE, Foreign 2010}*

OR

Explain the 'economic stability' objective of a government budget. *{CBSE, All India 2011, 12, 2017 (I, II)}*

3. How can a government budget help in reducing inequalities of income? Explain. *{CBSE, Delhi 2009, Foreign 2012, All India 2013}*

OR

How can Government budget be helpful in altering distribution of income in an economy? Explain. *{CBSE, Delhi 2010, 2017}*

OR

Explain 'redistribution of income' objective of Government budget.

{CBSE, Delhi 2011, All India 2011}

4. Explain the 'allocation of resources' objective of Government budget. {CBSE, Delhi 2011, 12}

OR

Explain the allocation function of a government budget. {CBSE, All India 2010}

OR

Explain how government can influence allocation of resources through government budget.

{CBSE, Delhi Comptt. 2013, Foreign 2017}

5. What is a government budget? Name two sources each of non-tax revenue receipts and capital receipts. {CBSE, Delhi 2004}
6. What is a government budget? Give the meaning of: (a) Revenue deficit; (b) Fiscal deficit.

{CBSE Sample Paper 2012}

7. What are the two broad divisions of receipts of the government budget? Name two sources of each kind of receipt.
8. Define tax revenue. What are the two kinds of tax revenues? Give two examples of each.
9. Distinguish between: (i) Direct tax and indirect tax (ii) Revenue deficit and fiscal deficit.

{CBSE, Delhi 2009}

10. Explain with the help of suitable examples the basis of classifying taxes into direct and indirect taxes. {CBSE, Foreign 2010, Delhi 2017}
11. Distinguish between: (a) Revenue receipts and capital receipts; (b) Direct tax and Indirect tax.

{CBSE, Delhi 2005, 10}

OR

Distinguish between 'revenue receipt' and 'capital receipt' and give two examples of each.

{CBSE, Delhi 2007, All India 2012, All India 2013 (I)}

12. Give meanings of Capital receipts and revenue receipts with an example of each.

{CBSE, Delhi 2008}

13. State the basis of classification of government receipts into revenue receipts and capital receipts. Give an example of each.
14. Giving reasons, categorise the following into revenue receipts and capital receipts: (i) Recovery of loans; (ii) Corporation tax; (iii) Dividends on investments made by government; (iv) Sale of a public sector undertaking. {CBSE, Delhi 2006}

Hint: *Refer "Items categorised as Revenue and Capital Receipts".*

15. Giving reasons, categorise the following into revenue expenditure and capital expenditure: (i) Subsidies; (ii) Grants given to State Governments; (iii) Repayment of loans; (iv) Construction of school buildings. {CBSE, All India 2006}

Hint: *Refer "Items categorised as Revenue and Capital Expenditure".*

16. Giving reasons classify the following into direct and indirect tax: (i) Corporate tax; (ii) Goods and Services Tax.

Hint: *Refer "Items categorised as Direct and Indirect Taxes".*

17. State the basis of classifying government expenditure into revenue and capital expenditure. Give an example of each. {CBSE, Delhi 2006}
18. Give the meaning of revenue deficit, fiscal deficit and primary deficit. {CBSE, All India 2009}
19. What are the implications of a large revenue deficit? Give two measures to reduce this deficit.

{CBSE, Sample Paper 2010}

20. Explain the concept of 'fiscal deficit' in a government budget. What does it indicate?

{CBSE, All India 2012}

21. Explain the concept of 'primary deficit' in a government budget. What does it indicate?

{CBSE, Foreign 2012}

22. Distinguish between revenue deficit and fiscal deficit. *{CBSE, Delhi 2013}*
23. Discuss the two sources to finance fiscal deficit.
24. Elaborate 'Economic Growth' as an objective of government budget. *{CBSE, Sample Paper 2017}*
25. Distinguish between Revenue Expenditure and Capital Expenditure in a government budget. Give examples. *{CBSE, Delhi 2012, 2013}*
26. Explain 'revenue deficit' in a Government budget? What does it indicate? *{CBSE, Delhi 2012}*
27. Reduction in income inequalities raises welfare of the people. How can government help through government budget, in this regard? Explain. *{CBSE, All India Comptt. 2013}*
28. Explain any one objective of Government Budget. *{CBSE, Delhi 2013}*
29. State three sources each of revenue receipts and capital receipts in government budget. *{CBSE, All India 2013 (III)}*
30. Explain the distinction between fiscal deficit and primary deficit. *{CBSE, Delhi Comptt. 2013}*
31. What is the basis of classifying government expenditure into 'Revenue Expenditure' and 'Capital Expenditure'? Which of these types of expenditure is payment of salaries to government employees and why? *{CBSE, Delhi Comptt. 2013}*
32. Explain the basis of classifying government receipts into revenue receipts and capital receipts. Which type of these receipts are borrowings by government and why? *{CBSE, All India Comptt. 2013}*
33. Is the following revenue expenditure or capital expenditure in the context of government budget? Give reason. *{CBSE, Delhi 2014}*
    (i) Expenditure on collection of taxes.
    (ii) Expenditure on purchasing computers.

Hint: *Refer "Items categorised as Revenue and Capital Expenditure".*

Long Answer Type Questions *(6 Marks each)*

1. Define Government budget. Explain the various objectives of a government budget.
2. What is meant by non-tax revenue? Explain the different sources of non-tax revenue.
3. What is meant by budget expenditure? Distinguish between revenue expenditure and capital expenditure.
4. What is the meaning of revenue receipts? What are the two main sources of revenue receipts?
5. Discuss the meaning of following deficits: (i) Revenue Deficit; (ii) Fiscal Deficit; and (iii) Primary Deficit.
6. Distinguish between: (a) Direct tax and Indirect tax (b) Primary deficit and Revenue deficit. *{CBSE, All India Comptt. 2014 (I)}*
7. Distinguish between the following: (a) Revenue receipts and Capital receipts; (b) Revenue deficit and Fiscal deficit. *{CBSE, Delhi Comptt. 2014 (II)}*
8. Explain the objectives of resource allocation and income distribution in a government budget. *{CBSE, Delhi Comptt. 2014 (III)}*
9. Explain the role the government can play through the budget in influencing allocation of resources. *{CBSE, Delhi 2015}*
10. Explain how the government can use the budgetary policy in reducing inequalities in incomes. *{CBSE, All India 2015}*
11. Explain the role of government budget in fighting inflationary and deflationary tendencies. *{CBSE, Foreign 2015}*

12. What is government budget? Explain how taxes and subsidies can be used to influence allocation of resources. *{CBSE, Delhi 2016}*

13. What is the difference between direct tax and indirect tax? Explain the role of government budget in influencing allocation of resources. *{CBSE, All India 2016}*

14. Explain the budgetary measures for achieving following objectives: (i) Setting up of production units in backward regions; (ii) Reducing inequalities of income and wealth. *{CBSE, Delhi Comptt. 2016}*

15. Define revenue receipts in a government budget. Explain how government budget can be used to bring in price stability in the economy. *{CBSE, Delhi 2016, Foreign 2016}*

16. Explain the basis of classifying taxes into direct and indirect tax. Give two examples of each. *{CBSE, All India Comptt. 2016 (I)}*

17. What is the difference between revenue expenditure and capital expenditure? Explain how taxes and government expenditure can be used to influence distribution of income in the society. *{CBSE, All India 2016}*