



D A V KAPILDEV PUBLIC SCHOOL, KADRU, RANCHI
CHAPTERWISE
Sample paper (2024 -25)

CLASS – XII
SUB: ECONOMICS
INSTRUCTIONS:

F.M. - 80
TIME: 3 HRS

1. All questions in both sections are compulsory. (N.A)
2. Marks for questions are indicated against each question.
3. Question no. 1-20 are very short answer question carrying 1 mark each. They are required to be answered in one sentence.
4. Question no. 21-24 are short answer question carrying 3 marks each. Answer to them should not normally exceed 60 words.
5. Question no. 25-30 are also short answer questions carrying 4 marks each. Answer to them should not normally exceed 80 words.
6. Question no. 31-34 are long answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.

TOPIC - -MACROECONOMICS
CHAPTER- 4. GOVERNMENT BUDGET

1. The expenditure on education by the government is expressed as a percentage of.

- (a) goods and services tax (b) disinvestment
(c) Gross domestic product (GDP) (d) fiscal deficit

65 Read the following statements carefully-Assertion (A) and Reason (R) and choose

Alternative:

Assertion (A): In case of public goods, non-paying users are known as free riders.

Reason (R): Public goods are rivalries and non- excludable in nature.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
(b) Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A)
(c) Assertion (A) is true but Reason (R) is false
(d) Assertion (A) is false but Reason (R) is true

2. Read the following statements carefully and choose the correct alternative

Statement 1: Fiscal deficit is always greater than primary deficit.

Statement 2: Fiscal deficit indicates borrowing requirements of the government.

Alternatives:

- (a) Both the statements are true
(b) Both the statements are false
(c) Statement 1 is false but Statement 2 is true
(d) Statement 2 is false but Statement 1 is true

3 Read the following statements carefully and choose the correct alternative:

Statement 1: Transfer payments are the receipts which the residents of a country get for free.

Statement 2: Transfer payments could be given by the government or by foreign citizens.

Alternatives:

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true but Statement 2 is false
- (d) Statement 1 is false but Statement 2 is true

4. Government of India has recently implemented various measures (like cash transfers to senior citizens and widows)

The government is trying to achieve the objective of using such measures.

- (a) Reallocation of resources
- (b) Redistribution of income
- (c) Regional equality
- (d) Economic instability

5. From the following items in Column I and Column II choose the correct pair

Column I

- A. Direct taxes
- B. Indirect tax
- C. Revenue receipts
- D. Capital expenditure

Column II

- (i) Income and Services tax
- (ii) Income tax
- (iii) Disinvestment
- (iv) Construction of a school

Alternatives:

- (a) A- (i)
- (b) B- (ii)
- (c) C- (iii)
- (d) D- (iv)

6. The Union Government has set an ambitious disinvestment target of 175 trillion 2021-22. Income received from disinvestment can be classified as for the financial year in the government budget

- (a) capital receipts
- (b) revenue receipts
- (c) capital expenditure
- (d) revenue expenditure

7. Identify the incorrect statement from the following about the revenue budget of the government

- (a) It records all the transactions which are recurring in nature
- (b) Proceeds from disinvestment are recorded under this category
- (c) It has two components-revenue receipts and revenue expenditure
- (d) Payment of salaries by government departments is recorded in revenue budget

Case-based Questions

Read the following news report carefully and answer the questions 8-12 on the basis of the same:

Non-debt Capital receipts mainly consist of recovery of loans and advances, and disinvestment receipts. Over the last few years, the contribution of Non-debt Capital receipts have improved in the total pool of Non-debt receipts. They have been pegged at Rs. 1.20 lakh crore. 0.6 per cent of GDP in 2019-20 BE owing to an envisaged growth of 6.3 per cent over 2018-19 PA. The receipts from recovery of loans and advances have been declining over the years and are pegged at 12.4 per cent of Non-debt Capital receipts in 2019-20 BE. The major component of Non-debt Capital receipts is disinvestment receipts that accrue to the government on sale of public sector enterprises owned by the government (including sale of strategic assets). Government aimed at mobilizing Rs. 1.05 lakh crore on account of disinvestment proceeds as per 2019-20 BE. **(-Economic Survey 2019-20)**

8 Which of the following is the example of Non-debt Capital receipts?

- (a) Recovery of loans
- (b) Advances
- (c) Disinvestment
- (d) All of these

9 Recovery of loans is a Receipt.

- (a) Revenue (b) Capital
(c) Budget (d) None of these

10. Disinvestment leads to:

- (a) addition to the existing stock of capital (b) withdrawal of existing investment
(c) balancing the existing stock of capital (d) none of these

11 Non-debt Capital receipts debt.

- (a) Create (b) do not create
(c) create revenue (d) create capital

12. Read the following statements carefully and choose the correct alternative among those given below:

Statement 1-Disinvestment is a capital receipt of the government

Statement 2-Disinvestment reduces assets of the government.

Alternatives:

- (a) Both the statements are true
(b) Both the statements are false
(c) Statement 1 is true and Statement 2 is false
(d) Statement 2 is true and Statement 1 is false

13. One year period from 1 April to 31 March of next year is called a:

- (a) Monetary year (b) Fiscal year (c) Plan year (d) Tax year

14. Capital receipts may come from:

- (a) Market borrowings (b) Provident funds (c) Recoveries of loans (d) All of them

15. If budgetary deficit is nil and borrowings and other liabilities are 70 crore, what is the amount of fiscal deficit?

- (a) Nil (b) 30 crore (c) Can't say (d) 70 crore

16. When the government tries to, meet the gap of public expenditure and public revenue through borrowing from the banking system, it is called

- (a) deficit financing (b) debt financing (c) credit financing (d) none of them

17. If borrowings and other liabilities are added to the budget deficit, we get

- (a) revenue deficit (b) capital deficit (c) primary deficit (d) fiscal deficit

18. Payment of interest is - - - -

- (a) revenue expenditure. (b) capital expenditure (c) primary deficit. (d) fiscal deficit

19. A government shows a primary deficit of ₹4400 crore. The revenue expenditure on interest payment is ₹.400

crore. How much is the fiscal deficit?

- (a) 4000 crore (b) 4800 crore (c) 4400 crore (d) -400 crore

20. Borrowing in government budget is:

- (a) Revenue deficit (b) Fiscal deficit (c) Primary deficit (d) Deficit in taxes

21. Explain objective of stability of prices of government budget.

OR

Explain the 'economic stability' objective of a government budget.

22. Name two sources each of tax and non-tax revenue receipts.

23. Distinguish between Revenue receipts and capital receipts.

24. Distinguish between Direct tax and indirect tax.

OR

Differentiate between Revenue Budget and Capital Budget.

25. What are the implications of a large revenue deficit? Give two measures to reduce this deficit.

26. Define fiscal deficit. What are implications of fiscal deficit?

OR

Does public (government) debt impose a burden? Explain.

27. Categorize the following items into Direct and Indirect Taxes
 (i) Corporation tax. (ii) GST (iii) Service tax. (iv) Capital Gains Tax.
28. Are fiscal deficits necessarily inflationary?
29. Discuss the issue of deficit reduction.
30. Are the following statements true or false? Give reasons.
 (i). Rise in revenue deficit will always lead to higher fiscal deficit.
 (ii). Primary deficit is the difference between capital deficit and interest
 (iii). Fiscal deficit is non-inflationary.
 (iv). Expenditure made on the development of a railway line is a capital expenditure.
31. Explain how the government can use the budgetary policy in reducing inequalities of incomes.
32. Categorize the following items into Revenue and Capital Receipts
 (i) Loan from the Australian government.
 (ii) Corporation tax
 (iii) Grants received from International Monetary Fund.
 (iv) Profits of public sector undertakings.
 (v) Borrowings from public.
 (vi) License and court fees received by the government in the year 2020-21
33. Categorize the following items into Revenue and Capital Expenditure
 (i) Subsidies.
 (ii) Grants given to State Governments.
 (iii) Construction of school building.
 (iv) Amount borrowed from USA repaid.
 (v) Salary paid to Army officers.
 (vi) Interest paid on National Debt.
34. From the following data about a government budget find:
 (a) revenue deficit, (b) fiscal deficit and (c) primary deficit:

Particulars		Rs. In Lakhs.
i	Tax revenue	47
ii	Capital receipts	34
iii	Non-tax revenue	10
iv	Borrowings	32
v	Revenue expenditure	80
vi	Interest payments	20