

CHAPTER-5 | Government Budget and the Economy

QUIZ
PART-02

1. Which of the following is the primary source of Revenue Receipts for the government?
- A. Borrowings
 - B. Taxes
 - C. Disinvestment
 - D. External Grants (B)

Explanation: Revenue receipts are mainly generated through taxes such as income tax, corporate tax, and GST, which neither create a liability nor reduce assets.

2. Which of the following is an example of a Capital Receipt?
- A. Tax Revenue
 - B. Interest Receipts
 - C. Disinvestment Proceeds
 - D. Dividend Receipts (C)

Explanation: Capital receipts either create liabilities or reduce assets, like disinvestment proceeds, which involve sale of government-owned shares.

3. Which of the following is a Non-Tax Revenue Receipt?
- A. Income Tax
 - B. Excise Duty
 - C. Interest on Loans
 - D. Import Duty (C)

Explanation: Non-tax revenue includes interest on loans, fees, fines, and dividends, which are received without imposing taxes.

4. Which of the following is not a feature of Revenue Receipts?
- A. They do not create liabilities
 - B. They do not reduce assets
 - C. They are recurring in nature
 - D. They involve future repayment obligations (D)

Explanation: Revenue receipts do not involve future obligations, unlike borrowings that require repayment.

5. Which of the following correctly describes Direct Taxes?
- A. Taxes levied on goods and services
 - B. Taxes whose burden can be shifted
 - C. Taxes whose burden cannot be shifted
 - D. Taxes collected at customs ports (C)

Explanation: Direct taxes like income tax and corporate tax cannot be shifted to others; the impact and incidence lie on the same person.

6. Which of the following is an Indirect Tax?
- A. Income Tax
 - B. Wealth Tax
 - C. Corporate Tax
 - D. Goods and Services Tax (GST) (D)

Explanation: Indirect taxes like GST and customs duty are levied on goods and services, and their burden can be shifted to final consumers.

7. Which of the following is an example of Non-Tax Revenue from public enterprises?
- A. Corporate Tax
 - B. Excise Duty
 - C. Profits and Dividends
 - D. Securities Transaction Tax (C)

Explanation: The government earns profits and dividends from public enterprises like LIC, BHEL, and Railways as part of non-tax revenue.

8. Which of the following is an example of Capital Receipt from the public?
- A. Income Tax
 - B. Post Office Deposits and NSCs
 - C. GST
 - D. Court Fees (B)

Explanation: Small savings schemes like Post Office Deposits and National Saving Certificates are capital receipts since they create liabilities for the government.

9. Escheats in non-tax revenue refer to:
- A. Sale of shares by government
 - B. Tax on imported goods
 - C. Claim of government on property of a person without legal heirs
 - D. Recovery of loans from states (C)

Explanation: Escheats mean the government can claim the property of a deceased person with no legal heir or will.

10. Which of the following distinguishes Tax Revenue from Non-Tax Revenue?
- A. Tax revenue is voluntary, non-tax revenue is compulsory
 - B. Tax revenue is compulsory, non-tax revenue is linked to services
 - C. Both are compulsory payments
 - D. Both are voluntary payments (B)

Explanation: Tax revenue is compulsory without direct benefit, while non-tax revenue is generally linked to services like fees and licenses.