

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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Teacher name – Ajay Kumar Sharma

The Government: Functions & Scope Revised Notes

Q1. Direct tax is a tax which is imposed on

- a) Corporations only
- b) None of these
- c) Individuals only
- d) Individuals and corporations

Ans. (d)

Q2. An example of a direct tax is

- a) Entertainment tax
- b) Sales tax
- c) VAT
- d) Income tax

Ans. (d)

Q3. The major source of Revenue receipts for the government is not

- a) Tax Revenue
- b) Income tax
- c) Wealth tax
- d) Profits

Ans. (d)

Q4. The policies useful to reduce inequalities of income are the

- a) Monetary policies
- b) Public distribution policies
- c) Budgetary policies

d) Foreign policies

Ans. (c)

Q5. Budgetary policies are implemented by the

a) Foreign sector

b) Finance Ministry

c) Government

d) Private sector

Ans. (c)

Q6. Capital Receipts

a) Create liability for the private sector

b) Create liability for the government

c) Do not create liability for the private sector

d) Do not create liability for the government

Ans. (b)

Q7. Disinvestment is a

a) Capital Expenditure

b) Revenue Expenditure

c) Capital Receipts

d) Revenue Receipts

Ans. (c)

Q8. Define a Budget.

Ans. Budget is an annual statement of the Government's estimated receipts and expenditures over the fiscal year. A particular fiscal year in an economy (mainly India) runs from 1st April to 31st March.