

HOME WORK

ECONOMICS

CLAS XII A and XII D

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1. The following figures are based on budget estimates of Government of India for the Year 2002 – 2003:

Items	(Rs. Billions)
a. Revenue receipts	2,31,745
i) Tax Revenue	1,53,031
ii) Non-tax Revenue	78,714
b. Capital receipts	1,44,478
i) Recovery of loans	16,164
ii) Other receipts (mainly PSU disinvestment)	12,000
iii) Borrowings and other liabilities	1,16,314
c. Revenue expenditure	3,10,565
i) Interest Payments	1,12,300
ii) Major subsidies	27,845
iii) Defence expenditure	1,70,420
d. Capital expenditure	64,656
e. Total expenditure	3,75,223
i) Plan expenditure	1,00,100
ii) Non-plan expenditure	2,75,123

Calculate i) Fiscal Deficit ii) Revenue Deficit and iii) Primary deficit

2. Categories the following into direct tax and indirect tax; and give reasons:

- i) Corporation tax
- ii) VAT
- iii) Sales tax
- iv) Service tax
- v) Wealth Tax
- vi) Personal income tax
- vii) Professional tax

3. Explain the various measures to contain deficit in government budget.
4. In an economy, the marginal propensity to consume is 0.7. If government expenditure and tax revenue is increased by Rs. 100 Crores what will the change in income as per the balance budget theory? Also calculate the government expenditure multiplier and tax multiplier.
5. The marginal propensity to consume is 0.85 and there are lump-sum taxes. What will be the change in income if:
 - i) Taxes increase by Rs.400 Crores? and
 - ii) Government expenditure increase by Rs. 200 Crores