

**INTERNATIONAL INDIAN SCHOOL BURAIDAH**

**CLASS XII ECONOMICS WORKSHEET 3**

**MacroEconomics L- 8 & 9**

**I. Choose the correct answer**

1. Which of the following is an example of direct tax?

(A) VAT (B) Excise duty (C) Entertainment tax (D) Wealth tax

2. The amount collected by the government in the form of interest, fees, and dividends is known as \_\_\_\_\_

(A) Tax-revenue receipts (B) Capital receipts (C) Non-tax revenue receipts  
(D) None of these

3. The Balance of Payments of a country is a statement that records \_\_\_\_\_

(A) Sources of foreign exchange (B) Uses of foreign exchange (C) Both (A) and (B)  
(D) None of these

4. Financial Year in India is for the period:

(A) April 1 to March 31 (B) January 1 to December 31 (C) October 1 to  
September 30 (D) None of these

5. Choose the correct statement from given below:

(A) Balance of trade records the exports and imports of invisible items.  
(B) A surplus in BoT can rectify the deficit in Bop.  
(C) Accommodating items are only recorded in the capital account of the BOP.  
(D) Import of machinery will be recorded in the capital account of BoP.

6. When is there a favourable balance of trade?

(A)  $X > M$  (B)  $X = M$  (C)  $X < M$  (D) None of these

7. Which of the following statements about the Goods and Services Tax is accurate?

(A) The Goods and Services Tax is an example of indirect tax under the government receipts

(B) The Goods and Services Tax is an example of direct tax under the government receipts

(C) The Goods and Services Tax is an example of non-tax revenue under the government receipts

(D) The Goods and Services Tax is an example of income tax under the government receipts

8. Foreign exchange is determined by:

(A) Demand for foreign currency (B) Supply of foreign currency (C) Demand and supply in the foreign exchange market (D) None of these

## **II. Very Short Answer Questions**

Q1. Define direct tax.

Q2. Why is repayment of loan a capital expenditure for the government?

Q3. What is the meaning of deficit in Balance of Payments?

Q4. Name two invisible items in the Balance of Payments account.

Q5. State any two sources of non-tax revenue receipts.

Q6. Define primary deficit.

Q7. What is current account deficit in the Balance of Payments?

Q8. What is 'hybrid' system in foreign exchange?

## **III. Short Answer Questions**

Q1. Define "Trade surplus". How is it different from "Current account surplus"?

Q2. Distinguish between autonomous and accommodating transactions of Balance of Payment account

Q3. How can a government budget help in reducing inequalities of income?

Q4. Is the following a revenue receipt or a capital receipt in the context of government budget and why?

(i) Tax receipts

(ii) Disinvestment

Q5. Giving reasons, state whether the following statements are true or false

(i) Current account of Balance of Payment account records only export and import of goods and services.

(ii) Foreign investments are recorded in the capital account of Balance of Payments.

Q6. Distinguish between fixed and flexible exchange rate.

Q7. The balance of trade shows a deficit of ₹ 300 crores. The value of exports are ₹ 500 crores. What is the value of imports?

#### **IV. Long Answer Questions**

Q1. State the objectives of government budget.

Q2. Explain the causes of disequilibrium in the Balance of Payments.

Q3. What is foreign exchange rate? Explain how it is determined.

Q4. Find budget deficit from the following data:

Items	(₹ in Crore)
1. Revenue receipts	40,000
2. Revenue expenditure	30,000
3. Capital receipts	30,000
4. Capital expenditure	50,000