

# 26 Lecture - MGT111

## Important Mcqs

1. Which of the following is not a source of government revenue?

- a) Income tax
- b) Sales tax
- c) Property tax
- d) All of the above are sources of government revenue

**Solution: d) All of the above are sources of government revenue**

2. Which of the following is an example of an indirect tax?

- a) Income tax
- b) Property tax
- c) Sales tax
- d) None of the above

**Solution: c) Sales tax**

3. What is the primary objective of fiscal policy?

- a) To maintain price stability
- b) To promote economic growth
- c) To achieve a balanced budget
- d) To reduce income inequality

**Solution: b) To promote economic growth**

4. Which of the following is not a component of the budget?

- a) Revenues
- b) Expenditures
- c) Deficits
- d) All of the above are components of the budget

**Solution: d) All of the above are components of the budget**

5. Which of the following is an example of a transfer payment?

- a) Social Security benefits
- b) Military spending
- c) Interest payments on government debt
- d) All of the above

**Solution: a) Social Security benefits**

6. What is the difference between a budget deficit and a budget surplus?

- a) A budget deficit occurs when revenues exceed expenditures.
- b) A budget surplus occurs when revenues exceed expenditures.
- c) A budget deficit occurs when expenditures exceed revenues.
- d) A budget surplus occurs when expenditures exceed revenues.

**Solution: c) A budget deficit occurs when expenditures exceed revenues.**

7. Which of the following is an example of an automatic stabilizer?

- a) Unemployment insurance

- b) Corporate tax cuts
- c) Military spending
- d) None of the above

**Solution: a) Unemployment insurance**

**8. What is the purpose of debt management?**

- a) To reduce the national debt
- b) To minimize interest payments on the national debt
- c) To maximize interest payments on the national debt
- d) None of the above

**Solution: b) To minimize interest payments on the national debt**

**9. Which of the following is not a type of government expenditure?**

- a) Transfer payments
- b) National defense
- c) Interest payments on government debt
- d) All of the above are types of government expenditure

**Solution: d) All of the above are types of government expenditure**

**10. What is the difference between a progressive tax and a regressive tax?**

- a) A progressive tax takes a larger percentage of income from high-income earners than from low-income earners, while a regressive tax takes a larger percentage of income from low-income earners than from high-income earners.
- b) A progressive tax takes a larger percentage of income from low-income earners than from high-income earners, while a regressive tax takes a larger percentage of income from high-income earners than from low-income earners.
- c) A progressive tax takes a flat percentage of income from all earners, while a regressive tax takes a variable percentage of income based on income level.
- d) None of the above

**Solution: a) A progressive tax takes a larger percentage of income from high-income earners than from low-income earners, while a regressive tax takes a larger percentage of income from low-income earners than from high-income earners.**