

28 Lecture - MGT111

Important Mcqs

1. Which of the following is not a component of a public budget?

- A) Expenditures
- B) Revenues
- C) Assets
- D) Deficits

Solution: C) Assets

2. A public budget deficit occurs when:

- A) Revenues exceed expenditures
- B) Expenditures exceed revenues
- C) The budget is balanced
- D) None of the above

Solution: B) Expenditures exceed revenues

3. Which of the following is an example of a direct tax?

- A) Sales tax
- B) Excise tax
- C) Income tax
- D) Property tax

Solution: C) Income tax

4. A budget surplus occurs when:

- A) Revenues exceed expenditures
- B) Expenditures exceed revenues
- C) The budget is balanced
- D) None of the above

Solution: A) Revenues exceed expenditures

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

- A) Transfer payments
- B) Capital expenditures
- C) Interest payments
- D) Income tax

Solution: D) Income tax

6. The federal budget is prepared by:

- A) The President

- B) The Congress
- C) The Treasury Department
- D) The Office of Management and Budget

Solution: D) The Office of Management and Budget

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

- A) Income taxes
- B) Sales taxes
- C) Borrowing
- D) Budget deficits

Solution: D) Budget deficits

8. A progressive tax system means that:

- A) Everyone pays the same tax rate
- B) High-income earners pay a higher tax rate than low-income earners
- C) Low-income earners pay a higher tax rate than high-income earners
- D) Tax rates are based on a random selection process

Solution: B) High-income earners pay a higher tax rate than low-income earners

9. Which of the following is a limitation of using a balanced budget approach?

- A) It can lead to inflation
- B) It can be difficult to achieve during times of economic recession
- C) It can increase the national debt
- D) None of the above

Solution: B) It can be difficult to achieve during times of economic recession

10. Which of the following is a common use of government borrowing?

- A) To finance capital projects
- B) To provide transfer payments
- C) To pay interest on existing debt
- D) To reduce the budget deficit

Solution: A) To finance capital projects