# 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