

# 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**