

## Principles of Economics ( English Medium) - ICOM Part 1 Economics English Medium Chapter 15 Short Questions Preparation

Q1. What is direct tax ?

**Ans 1:** Direct taxes are those that are directly imposed upon individual or the burden of such kind of taxes cannot be shifted to other person. Income tax, wealth tax and property tax are the examples of direct tax.

Q2. What is surplus budget ?

**Ans 1:** When government income is higher than expenditures, it is known as surplus budget.

Q3. Define tax.

**Ans 1:** "Tax is compulsory contribution by the people to the public treasury to meet the general expenditures of the government."

Q4. List down importance of zakat.

**Ans 1:**

1. Fair distribution of wealth.
2. Increase in circulation of wealth.
3. Healthy growth of the society.
4. Removal of poverty.
5. Removal of hoarding.

Q5. Define usher.

**Ans 1:** Usher is a kind of zakat which is imposed on agricultural products. Ten percent of agricultural production of the land which is irrigated by natural sources paid as zakat while five percent zakat is paid on agricultural products produce of the land which is irrigated by artificial sources.

Q6. Define Zakat.

**Ans 1:** Zakat is a compulsory payment which is paid by sahib-e-Nisab Muslims or affording muslims. The rate of zakat is 2.5% per annum

Q7. Define public finance.

**Ans 1:** In words of Adam Smith "The investigation into the nature and principles of govt. income and govt. expenditure is called public finance."

Q8. What is balance budget ?

**Ans 1:** When government income is in level with expenditures, it is known as balance budget.

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Q9. What is deficit budget ?

**Ans 1:** When government income is lower than expenditures, it is known as deficit budget.

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Q10. What are different kinds of taxes ?

**Ans 1:** There six kinds of taxed.

1. Direct tax
  2. Indirect tax
  3. Proportional tax
  4. Progressive tax
  5. Regressive tax
  6. Value added tax
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