

EXAM-DAY · 90-MIN REVISION CARD

## Government Budget and the Economy

Print this · Fold it · Carry to the exam-hall gate · Revise once · Then walk in.

### FORMULAS & KEY RESULTS

Fiscal Deficit = Total Expenditure – (Total Receipts – Borrowings)

Primary Deficit = Fiscal Deficit – Interest Payments

Revenue Deficit = Revenue Expenditure – Revenue Receipts

Total Receipts = Revenue Receipts + Capital Receipts

Revenue Receipts = Tax Revenue + Non-Tax Revenue

Tax Revenue = Direct Tax (income, corporation) + Indirect Tax (GST, customs)

Capital Receipts = Borrowings + Recovery of Loans + Disinvestment

Fiscal Deficit = Borrowings (as a magnitude — FD measures the borrowing need)

FD/GDP ratio — FRBM target  $\leq$  4.5% (revised glide path, by FY 2025-26)

### TOP 5 PYQ PATTERNS

#### 1 Calculate fiscal/revenue/primary deficit from a data table

6 marks · 95% of years

List totals first; apply formulas top-down; ALWAYS verify  $FD = T.Exp - (T.Rec - Borrowings)$ ; show units (₹ cr).

#### 2 Classify receipt as revenue or capital with reason

3 marks · 88% of years

Apply two-part test: does it create a liability OR reduce an asset? If yes → capital. State the test in your reason.

#### 3 Three objectives of budget (allocation/redistribution/stabilisation)

4 marks · 76% of years

Name + one-line definition + one example per objective. Use PDS / PM-KISAN as redistribution example.

#### 4 Direct vs indirect tax — meaning + 2 examples each + 1 distinction

3 marks · 64% of years

Distinction = incidence shifts in indirect tax; doesn't in direct tax. Two columns format scores full marks.

#### 5 Implications of high fiscal deficit

4 marks · 58% of years

Three implications: debt trap (compounding interest), inflation (monetisation), crowding-out of private investment. One sentence each.

### 90-MIN REVISION FLOW

#### 0-15 min

Read the receipts tree and expenditure tree out loud; quiz yourself: 'borrowing — revenue or capital?' for 10 items.

#### 15-35 min

Do ONE full numerical (Revenue + Fiscal + Primary deficit calculation) — time yourself at 8 min.

#### 35-50 min

Write the 3-objectives answer in full (allocation/redistribution/stabilisation) — 4 marks model.

#### 50-70 min

Do 10 MCQs from drill sheet — flag any wrong; re-read the matching misconception.

#### 70-85 min

Memorise the 3 deficit formulas as a chant: 'Fiscal minus interest is primary; revenue exp minus revenue rec is revenue deficit; total exp minus non-debt receipts is fiscal'.

#### 85-90 min

Skim the implications of fiscal deficit (debt trap, inflation, crowding-out) once more.

**Confidence, not anxiety.** You've practised this all year. Trust your steps. Don't change strategy on exam morning.  
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