

SET – 1

Series : SSO/1/C

कोड नं. **58/1/1**
Code No.

रोल नं.

Roll No.

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परीक्षार्थी कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें ।

Candidates must write the Code on the title page of the answer-book.

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **12** हैं ।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए कोड नम्बर को छात्र उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें ।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **29** प्रश्न हैं ।
- कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, प्रश्न का क्रमांक अवश्य लिखें ।
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जायेगा । 10.15 बजे से 10.30 बजे तक छात्र केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।
- Please check that this question paper contains **12** printed pages.
- Code number given on the right hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains **29** questions.
- **Please write down the Serial Number of the question before attempting it.**
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

अर्थशास्त्र
ECONOMICS

निर्धारित समय : 3 घण्टे]

Time allowed : 3 hours]

[अधिकतम अंक : 100

[Maximum Marks : 100

सामान्य निर्देश :

- (i) दोनों खण्डों के **सभी** प्रश्न अनिवार्य हैं ।
- (ii) प्रत्येक प्रश्न के निर्धारित अंक उसके सामने दिए गए हैं ।
- (iii) प्रश्न संख्या **1 – 3** तथा **15 – 19** अति लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक का **1** अंक है । इनका प्रत्येक का उत्तर **एक वाक्य** में ही अपेक्षित है ।
- (iv) प्रश्न संख्या **4 – 8** और **20 – 22** लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **3** अंक हैं । प्रत्येक का उत्तर सामान्यतः **60** शब्दों से अधिक नहीं होना चाहिए ।
- (v) प्रश्न संख्या **9 – 10** और **23 – 25** भी लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **4** अंक हैं । प्रत्येक का उत्तर सामान्यतः **70** शब्दों से अधिक नहीं होना चाहिए ।
- (vi) प्रश्न संख्या **11 – 14** और **26 – 29** दीर्घ उत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **6** अंक हैं । प्रत्येक का उत्तर सामान्यतः **100** शब्दों से अधिक नहीं होना चाहिए ।
- (vii) उत्तर संक्षिप्त तथा तथ्यात्मक होने चाहिए तथा यथासंभव ऊपर दी गई शब्द सीमा के अंतर्गत ही दिए जाने चाहिए ।

58/1/1

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[P.T.O.]

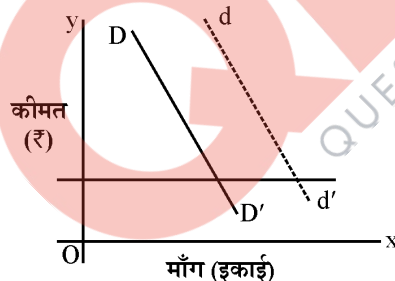
General Instructions :

- (i) *All questions in both the sections are compulsory.*
- (ii) *Marks for questions are indicated against each question.*
- (iii) *Questions No.1-3 and 15-19 are very short-answer questions carrying 1 mark each. They are required to be answered in **one sentence** each.*
- (iv) *Questions No. 4-8 and 20-22 are short-answer questions carrying 3 marks each. Answers to them should normally not exceed **60** words each.*
- (v) *Questions No. 9-10 and 23-25 are also short-answer questions carrying 4 marks each. Answers to them should normally not exceed **70** words each.*
- (vi) *Questions No. 11-14 and 26-29 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed **100** words each.*
- (vii) *Answers should be brief and to the point and the above word limits should be adhered to as far as possible.*

खण्ड – अ
Section – A

1. एक वस्तु की माँग वक्र DD' से खिसक कर dd' हो जाती है ।

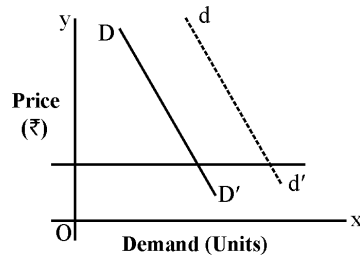
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इसका कारण : (सही विकल्प चुनिए)

- (a) वस्तु की कीमत कम होना हो सकता है ।
- (b) वस्तु की कीमत बढ़ना हो सकता है ।
- (c) प्रतिस्थापन वस्तु की कीमत बढ़ना हो सकता है ।
- (d) पूरक वस्तु की कीमत बढ़ना हो सकता है ।

The demand curve of a goods shifts from DD' to dd'.



This shift can be caused by : (Choose the correct alternative)

- (a) fall in the price of the goods.
 - (b) rise in the price of the goods.
 - (c) rise in the price of substitute goods.
 - (d) rise in the price of complementary goods.
2. एक वस्तु की 5 इकाइयाँ बेचने पर कुल संप्राप्ति (आगम) ₹ 100 है । 6 इकाइयाँ बेचने पर सीमान्त संप्राप्ति ₹ 8 है । 6 इकाइयाँ किस कीमत पर बेची जाती हैं ? (सही विकल्प चुनिए)

1

- (a) ₹ 28 प्रति इकाई
- (b) ₹ 20 प्रति इकाई
- (c) ₹ 18 प्रति इकाई
- (d) ₹ 12 प्रति इकाई

When 5 units of a goods are sold, total revenue is ₹ 100. When 6 units are sold, marginal revenue is ₹ 8. At what price are 6 units sold ? (Choose the correct alternative)

- (a) ₹ 28 per unit
 - (b) ₹ 20 per unit
 - (c) ₹ 18 per unit
 - (d) ₹ 12 per unit
3. कोई एक आर्थिक उपाय सुझाइए जिसके द्वारा सरकार 'खादी' के उपभोग को प्रोत्साहित कर सकती है ।

1

Suggest any one economic measure by which the government can promote consumption of 'Khadi'.

4. क्या अमीर देशों को भी केन्द्रीय समस्याओं का सामना करना पड़ता है ? अपने उत्तर के लिए कारण दीजिए । 3

Do rich countries also face central problems ? Give reasons for your answer.

5. जम्मू और कश्मीर में आई बाढ़ के उसकी उत्पादन संभावना सीमा (वक्र) पर प्रभाव की व्याख्या कीजिए । 3

Explain the effects of floods in Jammu and Kashmir on its production possibilities frontier.

6. भारत सरकार कुछ फसलों के लिए 'समर्थन मूल्य' क्यों निर्धारित करती है ? समझाइए । 3

Why does the government of India fix 'support price' for some crops ? Explain.

7. पूर्ण प्रतियोगिता के अन्तर्गत क्यों एक फर्म 'कीमत-स्वीकारक' होती है, 'कीमत-निर्धारक' नहीं ? समझाइए । 3

अथवा

अल्पाधिकार की गैर-कीमत प्रतियोगिता विशेषता की व्याख्या कीजिए । 3

Why is a firm under perfect competition a 'price-taker' and not a 'price-maker' ? Explain.

OR

Explain 'non-price competition' feature of oligopoly.

8. निम्नलिखित कथन सही हैं या गलत । अपने उत्तर के लिए कारण दीजिए । 3

- (a) कुल उत्पाद के स्थिर होने पर औसत उत्पाद घटेगा ।
(b) सीमान्त लागत के बढ़ने पर ही औसत लागत बढ़ेगी ।

State whether the following statements are true or false. Give reasons for your answer.

- (a) When total product is constant average product will fall.
(b) Average cost will rise only when marginal cost rises.

9. वस्तु की कीमत और माँग में विपरीत सम्बन्ध सिद्ध कीजिए । उपयोगिता विश्लेषण का उपयोग कीजिए । 4

अथवा

माँग की कीमत लोच को प्रभावित करने वाले **किन्हीं दो** कारकों की व्याख्या कीजिए ।

Show that price and demand of a commodity are inversely related ? Use utility analysis.

OR

Explain **any two** factors that affect price elasticity of demand.

10. वस्तु की 'बाजार माँग' की परिभाषा दीजिए । इसको प्रभावित करने वाले कारक बताइए । 4

Define 'market demand' for a goods. State the factors that affect it.

11. उत्पादक के संतुलन की शर्तें समझाइए । 6

अथवा

निम्नलिखित में क्या सम्बन्ध होता है ?

- (a) सीमान्त संप्राप्ति (आगम) और औसत संप्राप्ति,
(b) कुल संप्राप्ति और सीमान्त संप्राप्ति

Explain the conditions of producer's equilibrium.

OR

What is the relationship between :

- (a) Marginal revenue and Average revenue
(b) Total revenue and Marginal revenue

12. परिवर्ती अनुपातों के नियम की सीमान्त उत्पाद और कुल उत्पाद वक्रों की सहायता से व्याख्या कीजिए । 6

Explain the law of variable proportions with the help of marginal product and total product curves.

QB365 - Question Bank Software

निम्नलिखित प्रश्न केवल **दृष्टिहीन परीक्षार्थियों के लिए** प्रश्न संख्या **12** के स्थान पर है :

परिवर्ती अनुपातों का नियम एक तालिका की सहायता से समझाइए ।

The following question is for the **Blind Candidates** only in lieu of **Q. No. 12.**

Explain the law of variable proportions with the help of a schedule.

13. उपभोक्ता संतुलन की परिभाषा दीजिए । अनधिमान वक्र विश्लेषण के अन्तर्गत इसकी शर्तों की व्याख्या कीजिए ।

6

Define consumer's equilibrium. Explain its conditions under indifference curve analysis.

14. A वस्तु का बाजार संतुलन की स्थिति में है । इसकी आगतों की कीमत बढ़ जाती है । एक रेखाचित्र की सहायता से संतुलन कीमत, माँग-मात्रा और पूर्ति-मात्रा पर इसके प्रभावों की शृंखला की व्याख्या कीजिए ।

6

The market for commodity A is in equilibrium. The price of its inputs rises. Explain its chain of effects on equilibrium price, quantity demanded and supplied with the help of a diagram.

निम्नलिखित प्रश्न केवल **दृष्टिहीन परीक्षार्थियों के लिए** प्रश्न संख्या **14** के स्थान पर है :

एक वस्तु की माँग-आधिक्य का अर्थ बताइए । संतुलन कीमत, माँग-मात्रा और पूर्ति-मात्रा पर इसके प्रभावों की शृंखला की व्याख्या कीजिए ।

The following question is for the **Blind Candidates** only in lieu of **Q. No. 14.**

Give the meaning of 'excess demand' of a commodity. Explain its chain of effects on equilibrium price, quantity demanded and quantity supplied.

खण्ड – ब

Section – B

15. निम्नलिखित में से कौन सा प्रत्यक्ष करों का जोड़ा है ? (सही विकल्प चुनिए)

1

- (a) उत्पादन शुल्क और सम्पत्ति कर
- (b) सेवा कर और आय कर
- (c) उत्पादन शुल्क और सेवा कर
- (d) सम्पत्ति कर और आय कर

Which one of the following is a combination of direct taxes ? (Choose the correct alternative)

- (a) Excise duty and Wealth tax
- (b) Service tax and Income tax
- (c) Excise duty and Service tax
- (d) Wealth tax and Income tax

16. मुद्रा पूर्ति के घटक बताइए ।

1

State the components of money supply.

17. निम्नलिखित कथनों में से कौन सा सही है ?

1

- (a) कुल व्यय और कुल प्राप्तियों का अन्तर राजकोषीय घाटा होता है ।
- (b) कुल प्राप्तियों और ब्याज भुगतान का अन्तर प्राथमिक घाटा होता है ।
- (c) राजकोषीय घाटा प्राथमिक घाटे और ब्याज भुगतान का योग होता है ।

Which of the following statements is true ?

- (a) Fiscal deficit is the difference between total expenditure and total receipts.
- (b) Primary deficit is the difference between total receipt and interest payments.
- (c) Fiscal deficit is the sum of primary deficit and interest payment.

18. निम्नलिखित में से कौन सा प्रवाह नहीं है ? (सही विकल्प चुनिए)

1

- (a) पूँजी
- (b) आय
- (c) निवेश
- (d) घिसावट

Which of the following is not a flow ? (Choose the correct alternative)

- (a) Capital
- (b) Income
- (c) Investment
- (d) Depreciation

19. निम्नलिखित में से कौन सा मुद्रा का कार्य नहीं है ? (सही विकल्प चुनिए)

1

- (a) विनिमय का माध्यम
- (b) कीमत स्थिरता
- (c) मूल्य संचय
- (d) लेखा की इकाई

Which of the following is not a function of money ? (Choose the correct alternative)

- (a) medium of exchange
- (b) price stability
- (c) store of value
- (d) unit of account

20. निम्नलिखित में क्या सम्बन्ध होता है ?

3

- (a) औसत उपभोग प्रवृत्ति और औसत बचत प्रवृत्ति
- (b) सीमान्त उपभोग प्रवृत्ति और निवेश गुणक

अथवा

निम्नलिखित का अर्थ बताइए :

- (a) अनेच्छिक बेरोज़गारी, और
- (b) स्फीतिक अंतराल

What is the relationship between :

- (i) Average propensity to consume and average propensity to save.
- (ii) Marginal propensity to consume and investment multiplier.

OR

Give the meaning of :

- (i) involuntary unemployment, and
- (ii) inflationary gap

21. विदेशी मुद्रा की माँग के **किन्हीं तीन** स्रोतों का वर्णन कीजिए ।

3

Describe **any three** sources of demand for foreign exchange.

22. $S = -100 + 0.2 Y$ (आय) । यह एक अर्थव्यवस्था में बचत फलन है । निवेश व्यय 5,000 है । आय के संतुलन स्तर का परिकलन कीजिए ।

3

$S = -100 + 0.2 Y$ is the saving function in an economy. Investment expenditure is 5,000. Calculate the equilibrium level of income.

23. निम्नलिखित आँकड़ों से कारक लागत पर निवल मूल्य संवृद्धि का परिकलन कीजिए :
(₹ करोड़ों में)

4

(i)	बिक्री	300
(ii)	प्रारम्भिक स्टॉक	40
(iii)	घिसावट	30
(iv)	मध्यवर्ती उपभोग	120
(v)	निर्यात	50
(vi)	स्टॉक में परिवर्तन	20
(vii)	निवल अप्रत्यक्ष कर	15
(viii)	विदेशों को कारक आय	10

From the following data, calculate net value added at factor cost.

(₹ in crores)

(i)	Sales	300
(ii)	Opening stock	40
(iii)	Depreciation	30
(iv)	Intermediate consumption	120
(v)	Exports	50
(vi)	Change in stock	20
(vii)	Net indirect taxes	15
(viii)	Factor income to abroad	10

24. मध्यवर्ती वस्तुओं और अन्तिम वस्तुओं में भेद कीजिए । प्रत्येक का एक उदाहरण दीजिए ।

4

अथवा

आय के चक्रीय प्रवाह की व्याख्या कीजिए ।

Distinguish between intermediate goods and final goods. Give an example of each.

OR

Explain the circular flow of income.

25. स्वायत्त और समायोजन हेतु लेन-देनों में भेद कीजिए । इस भेद का महत्त्व समझाइए ।

4

Distinguish between autonomous and accommodating transactions of balance of payments account. Explain the significance of this distinction.

26. आय और सम्पत्ति की असमानताओं को कम करने की आवश्यकता की व्याख्या कीजिए । किन्हीं दो बजटीय उपायों की व्याख्या कीजिए जिनके द्वारा यह किया जा सकता है ।

6

Explain the need for reduction in inequalities of income and wealth. Explain any two budgetary measures by which it can be done.

27. केन्द्रीय बैंक के किन्हीं दो मुख्य कार्यों का वर्णन कीजिए ।

6

अथवा

बैंक दर में परिवर्तन अर्थव्यवस्था में मुद्रा पूर्ति को कैसे प्रभावित करते हैं ? समझाइए ।

Describe any **two** main functions of a central bank.

OR

How do changes in Bank Rate affect the money supply in an economy ? Explain.

28. समग्र माँग और समग्र पूर्ति के बराबर न होने की स्थिति में जो परिवर्तन होते हैं, उनकी व्याख्या कीजिए ।

6

Explain the changes that take place when aggregate demand and aggregate supply are not equal.

29. (a) राष्ट्रीय आय और (b) सकल राष्ट्रीय प्रयोज्य आय का परिकलन कीजिए :

4, 2

(₹ करोड़ों में)

(i)	निजी अन्तिम उपभोग व्यय	500
(ii)	निवल देशीय अचल पूँजी निर्माण	100
(iii)	विदेशों से निवल कारक आय	30
(iv)	स्टॉक में परिवर्तन	20
(v)	निवल निर्यात	40
(vi)	निवल अप्रत्यक्ष कर	50
(vii)	मिश्रित आय	300
(viii)	सरकारी अन्तिम उपभोग व्यय	200
(ix)	अचल पूँजी का उपभोग	60
(x)	विदेशों को निवल चालू हस्तांतरण	(-) 10

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Calculate (a) national income and (b) gross national disposable income.

(₹ in crores)

(i)	Private final consumption expenditure	500
(ii)	Net domestic fixed capital formation	100
(iii)	Net factor income from abroad	30
(iv)	Change in stock	20
(v)	Net exports	40
(vi)	Net indirect taxes	50
(vii)	Mixed income	300
(viii)	Government final consumption expenditure	200
(ix)	Consumption of fixed capital	60
(x)	Net current transfers to abroad	(-) 10

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SENIOR SCHOOL CERTIFICATE EXAMINATION
JULY-2015

MARKING SCHEME – ECONOMICS (DELHI)

Expected Answers / Value Points

(SET-I)

GENERAL INSTRUCTIONS :

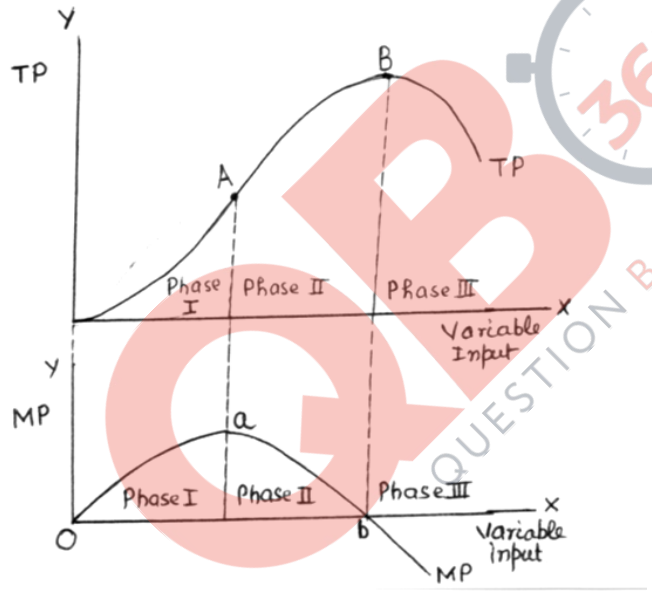
1. Please examine each part of a question carefully and then allocate the marks allotted for the part as given in the marking scheme below. TOTAL MARKS FOR ANY ANSWER MAY BE PUT IN A CIRCLE ON THE LEFT SIDE WHERE THE ANSWER ENDS.
2. Expected suggested answers have been given in the Marking Scheme. To evaluate the answers the value points indicated in the marking scheme be followed.
3. For questions asking the candidate to explain or define, the detailed explanation and definition have been indicated alongwith the value points.
4. For mere arithmetical errors, there should be minimal deduction. Only $\frac{1}{2}$ mark be deducted for such an error.
5. Wherever only two / three or a “given” number of examples / factors / points are expected only the first two / three or expected number should be read. The rest are irrelevant and must not be examined.
6. There should be no effort at “moderation” of the marks by the evaluating teachers. The actual total marks obtained by the candidate may be of no concern to the evaluators.
7. Higher order thinking ability questions are assessing student’s understanding / analytical ability.

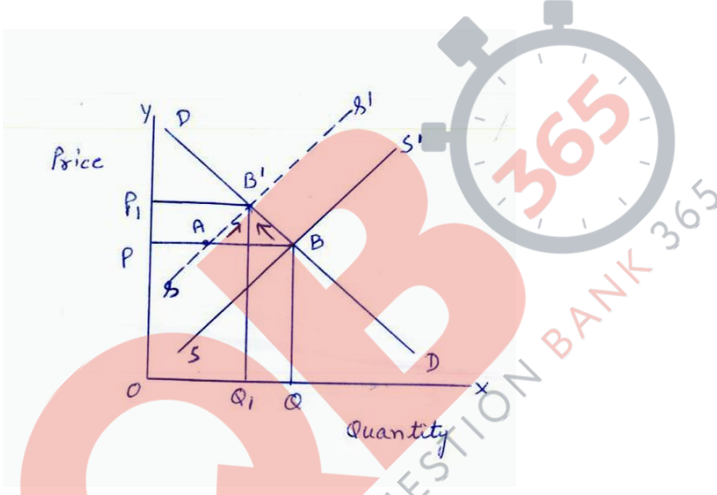
General Note : In case of numerical question no mark is to be given if only the final answer is given.

A1	Expected Answer / Value Points	Distribution of Marks
1	(c) Rise in the prices of substitute goods.	1
2	(c) Rs. 18 Per unit	1
3	Reduce price by giving subsidy. (or any other relevant measure)	1
4	Yes, even in rich countries resources are scarce, having alternative uses and wants are unlimited.	3
5	Floods have damaged and reduced resources. Since potential production declines the production possibility frontier shifts to the left.	3
6	For some crops fall in price below a certain level is not good for the farmers. Hence the government fixes minimum price for these crops.	3

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7	There are large number of sellers in perfectly competitive market, so that an individual firm has a negligible share in total supply. As such no individual seller can influence the market price on its own. The seller has no option but to accept the market determined price. It makes the seller a 'Price taker'. OR In oligopoly, there are only few firms. If they compete on the basis of price, there is likely to be price war and the firm may loose. So, the firm adopts measures other than price for competing like customer care, after sale service, free gifts, etc. This is non-price competition.	3 3
8	(a) True, because $\text{Average Product} = \frac{TP}{\text{Variable input}}$ and since TP is constant and variable input increases, AP will fall. (b) False, rise in AC takes place when MC is greater than AC and not necessarily when MC rises.	1½ 1½
9	A consumer buys a good upto the point where Price = MU Now suppose price falls, it makes Price < MU Since price is lower than MU, this induces the consumer to buy more units of the good. It shows inverse relation between price and demand. OR (i) Nature of the good : If good is a necessity, its demand is not likely to be affected by change in its price. So, demand for such goods is price – inelastic. On the other hand, demand for luxuries is elastic, because with rise in price consumer may reduce demand for luxuries. (ii) Availability of the close substitutes of the good: Larger the number of substitutes available more is the choice before the consumer and so more elastic is the demand. (Any other relevant factor)	4 2 2
10	Market demand is sum of the demand of all buyers of a commodity at a given price during a period of time. Factor affecting market demand: (i) Number of buyers. (ii) Price of the commodity (iii) Income of its buyers (iv) Prices of the related goods (v) Tastes and preferences of the consumers. (vi) Distribution of income. (Statement only) (Any Three)	1 1x3

11	The two conditions of producer's equilibrium are (i) $MC = MR$ (ii) MC becomes greater than MR if more is produced after the point of equilibrium. Explanation (i) If MC is less than MR, it is profitable to produce more units till MC becomes equal to MR. (ii) When MC becomes greater than MR after the $MR = MC$ condition, production of each new unit is sold at a loss, which leads to decline in profits. OR (a) (i) When $MR > AR$, AR rises. (ii) When $MR < AR$, AR falls. (iii) When $MR = AR$, AR is constant. (b) (i) When MR is positive TR rises. (ii) When MR is zero TR is maximum. (iii) When MR negative TR falls.	1 1 2 2 1x3 1x3
12	 Explanation : As variable input is increased : Phase I : TP rises at increasing rate and MP rises i.e. upto A on TP curve. Phase II : TP rises at decreasing rate and MP falls but remains positive between A and B. Phase III : TP falls and MP becomes negative after B. (Explanation) <u>For blind Candidate only</u> Schedule Explanation (on the above lines)	3 3 3 3

13	Given income of the consumer and the prices of goods he buys the consumer is said to be in equilibrium when he spends income in such a way that he gets maximum satisfaction. The two conditions of equilibrium, assuming only two goods consumed, are (i) $MRS = \frac{P_x}{P_y}$ (ii) MRS falls as more is consumed of X Explanation : (1) Suppose $MRS > \frac{P_x}{P_y}$. It means that consumer is willing to pay more for good X, then the prevailing market price. Consumer buys more of X and less of Y till $MRS = \frac{P_x}{P_y}$ again. (2) Unless MRS has a tendency to fall as more is purchased the consumer will never reach equilibrium again. (Note : Explanation $MRS < \frac{P_x}{P_y}$ is also correct)	1 1 1 2 1
14	 Rise in price of inputs results in decrease in supply. Supply curve shifts from SS' to ss' . At given price OP there is excess demand equal to AB. This results in competition among buyers. Price start rising , demand starts falling and supply starts rising as shown by arrows. This continues till price rises to OP₁. Market is in equilibrium at a higher price and quantity falls to OQ₁. <u>For Blind Candidates :</u> Meaning of excess demand Explanation on same lines as above	2 4 2 4
SECTION - B		
15	(d)	1
16	(i) Money with the public (ii) Demand Deposits	1
17	(c)	1
18	(a)	1
19	(b)	1

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20	(a) The sum of APC and APS is equal to 1. (b) The higher the MPC the greater is the value of multiplier. OR (a) Involuntary unemployment exists when willing and able bodied people do not get employment at prevailing wage rate. (b) The excess of aggregate demand over aggregate supply at full employment is called inflationary gap.	1½ 1½ 1½ 1½
21	(i) Importers need foreign exchange for making payments. (ii) Making investments abroad. (iii) Tourism abroad. (or any other source of demand)	1x3
22	$S = -100 + 0.2y$ At equilibrium $S = I$ $I = 5000$ $\therefore 5000 = -100 + 0.2y$ $0.2y = 5100$ $y = 25500$	1 1 ½ ½
23	$NVA_{fc} = i + vi - iv - iii - vii$ $= 300 + 20 - 120 - 30 - 15$ $= Rs. 155 \text{ crore}$	1½ 2 ½
24	Goods purchased by a production unit from other production units for resale or for using them completely during the same year are intermediate goods, whereas goods purchased for consumption / investment are final goods. Intermediate good : raw material... etc. Final good : Machine purchased for installation in factory.... etc. OR <pre> graph LR PU[Production Units] -- "Factor payments" --> H[Households] H -- "Final Expenditure" --> PU </pre> Production units engage factor owners from households and in return make factor payments to them. The households spend income on goods and services produced by production units. This completes the circular flow of income. Note : For Blind candidate flow chart is not necessary. Full marks will be awarded if only explanation is given.	3 ½ ½ 1 3

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25	Autonomous transactions are made independently of other transactions in balance of payments. Accommodating transactions are made to cover up deficit or surplus in autonomous transactions. The significance of distinction is that deficit / surplus in balance of payments equals deficit/ surplus in autonomous transactions only.	2 2
26	Inequalities of income and wealth reflect a section of society being deprived of even basic necessities. Thus arises the need for reducing them in the society. • Progressive taxation. • Increasing government's expenditure. (Explanation)	2 1 1 (1x2)
27	(i) Banker to the Government (ii) Bankers' bank (iii) Controller of credit (iv) Bank of issue (any two) (Explanation) OR Bank rate is the rate of interest at which commercial banks can borrow from the central bank. Lowering bank rate encourages commercial banks to reduce their lending rate to public. Since borrowing becomes cheaper, people borrow more. This raises money supply. Raising bank rate has the opposite effect.	1x2 2x2 6
28	When $AD < AS$ inventories accumulate. As a result producers reduce production, AS falls. This process continue till $AD = AS$. If $AD > AS$, inventories fall. To make up for this producer's increase production. AS increases. This process continues till $AD = AS$.	3 3
29	$N.I. = (i) + (viii) + \{(ii) + (iv)\} + (v) + (iii) - (vi)$ $= 500 + 200 + (100 + 20) + 40 + 30 - 50$ $= Rs. 840 \text{ Crore.}$ $GNDI = N.I. + (ix) - (x) + (vi)$ $= 840 + 60 - (-10) + 50$ $= Rs. 960 \text{ Crore.}$	1 ½ 2 ½ 1 ½ ½