

**SOLUTION – SET – I**  
**TERMINAL EXAMINATION – II**

**Q.1. (A) Fill in the blanks with appropriate alternatives given in the brackets: (04)**

1. .... consumption cannot be zero  
(a) Induced (b) **Autonomous** (c) Government (d) Private
  
2. .... is the total value of all final goods and services produced within the domestic territory of country during the accounting year.  
(a) Personal income (b) Income from abroad  
(c) **Gross Domestic Product** (d) Per capital income.
  
3. Money which carries no legal sanction but is accepted by people is called ..... money.  
(a) legal (b) illegal (c) **optional** (d) tender
  
4. One of the following is a type of capital expenditure.....  
(a) administrative expenditure (b) expenditure on social services  
(c) **investment expenditure on shares** (d) expenditure on police

**(B) Match the correct pairs: (04)**

Group 'A'		Group 'B'	
1.	Balanced Budget	a.	Transfer payment
2.	Unemployment allowance	b.	Sea shells
3.	Commodity money	c.	Personal income Tax
4.	Direct Tax	d.	GST
		e.	J.A. walker
		f.	Bill of exchange
		g.	Adam smith
		h.	Transfer Income

**Ans. : (1 - g); (2 - h); (3 - b); (4 - c).**

**(C) State whether the following statements are True or False and rewrite them: (04)**

1. According to Keynes, when income increases, consumption expenditure also increases in the same proportion. **FALSE**
2. Services of housewives are included in National Income. **FALSE**
3. A cheque is an optional money. **TRUE**
4. Capital expenditure creates assets. **TRUE**

**Q.2. Define/ Explain: (Any 2) (04)**

1. Aggregate demand **(Pg. No. 215)**
2. Marshallian definition of National Income **(Pg. No. 173)**
3. Money **(Pg. No. 240)**
4. Borrowings **(Pg. No 293)**

- Q.3. Distinguish between the following: (Any 2 out of 4) (04)**
1. Autonomous Investment and Induced Investment (Pg. No. 222-3)
  2. Closed Economy and Open Economy (Pg. No. 192-7)
  3. Primary Functions of Money and Secondary Functions of Money (Pg. No. 243-6)
  4. Revenue Expenditure and Capital Expenditure (Pg. No. 298-5)
- Q.4. Answer the following : (Any 3) (12)**
1. Explain Aggregate Supply Function (ASF) (Pg. No. 201-4)
  2. Explain the expenditure method of measuring national Income. [(Pg. No. 179-180)]
  3. What are the defects or limitations or inconveniences of the barter system? (Pg. No. 230 – 2)
  4. How does Deficit Budget help to remove depression and unemployment? (Pg. No. 289 - 7)
- Q.5. Answer in Detail (Any 1) (08)**
1. Explain the difficulties in estimation of national income. (Pg. No 180 – 10)
  2. Evolution of money. (Pg. No. 232 to 234)

