

12th
STDPublic Examination March - 2023
PART - III

Reg. No.

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TIME ALLOWED : 3.00 Hours]

ECONOMICS (with Answers)

[MAX. MARKS : 90

Instructions:

1. Check the question paper for fairness of printing. If there is any lack of fairness, inform the Hall Supervisor immediately.
2. Use **Blue** or **Black** ink to write and underline and pencil to draw diagrams.

PART - I**Note :** (i) Answer **all** the questions. $20 \times 1 = 20$ (ii) Choose the most appropriate answer from the given **four** alternatives and write the option code and the corresponding answer.

1. The Multiplier is calculated as _____.
(a) $1/(1-MPC)$ (b) $1/MPS$
(c) $1/MPC$ (d) (a) and (b)
2. The word 'Statistics' is used as _____.
(a) Plural
(b) Singular and Plural
(c) Singular
(d) None of the above
3. Method of Repayment of Public Debt is _____.
(a) Sinking Fund
(b) Terminal Annuity
(c) Conversion of Loans
(d) All of the above
4. Sustainable Development Goals and Targets are to be achieved by:
(a) 2030 (b) 2020
(c) 2050 (d) 2025
5. The other name for "Macro Economics" is :
(a) Market Theory (b) Price Theory
(c) Micro Theory (d) Income Theory
6. Finance Commission determines:
(a) The resources transfer to the States
(b) The resources transfer to the various departments
(c) The finances of Government of India
(d) None of the above
7. Which of the following is not an example of Foreign Direct Investment?
(a) the purchase of bonds or stock issued by a textile company overseas.
(b) the construction of a new auto assembly plant overseas.
(c) the creation of a wholly owned business firm overseas.
(d) the acquisition of an existing steel mill overseas.
8. Environmental goods are
(a) Market goods
(b) Non-market goods
(c) Both (a) and (b)
(d) None of the above
9. The core of the Classical theory of employment is _____.
(a) Law of Markets
(b) Law of Diminishing Return
(c) Law of Consumption (d) Law of Demand
10. In 2016, Demonetization of currency includes denominations of _____.
(a) ₹ 1000 and ₹ 2000 (b) ₹ 200 and ₹ 500
(c) ₹ 500 and ₹ 1000 (d) All the above
11. The country following Capitalism is _____.
(a) India (b) Russia
(c) China (d) America
12. Expansion of NITI Aayog :
(a) National Institute for Tomorrow's India
(b) National Institute for Transport in India
(c) National Institution for Transforming India
(d) National Institute for Trade in India
13. BENELUX is a form of :
(a) Common Market (b) Free trade area
(c) Customs Union (d) Economic union
14. MV Stands for :
(a) Supply of Bank money
(b) Demand for money
(c) Total Supply of money
(d) Supply of Legal Tender money

15. According to Classical theory, rate of interest is a reward for _____.
 (a) Capital (b) Investment
 (c) Saving (d) Demand
16. The basic philosophy behind long-term planning is to bring _____ changes in the economy.
 (a) Industrial (b) Financial
 (c) Structural (d) Agricultural
17. PQLI is the indicator of _____.
 (a) Economic progress
 (b) Economic growth
 (c) Economic development
 (d) Economic welfare
18. The Agricultural Refinance Development Corporation started functioning from :
 (a) June 1, 1963 (b) June 3, 1963
 (c) July 1, 1963 (d) July 3, 1963
19. IBRD is otherwise called as:
 (a) ASEAN
 (b) International Monetary Fund
 (c) International Finance Corporation
 (d) World Bank
20. The study of alternating fluctuations in business activity is referred to in Economics as :
 (a) Recovery (b) Boom
 (c) Trade cycle (d) Recession
33. What do you mean by aggregate demand? Mention its components.
34. Differentiate between Autonomous and Induced investment.
35. Explain Demand-pull and Cost-push inflation.
36. What are the functions of NABARD?
37. Describe the subject matter of International Economics.
38. Write the agenda of BRICS Summit, 2018.
39. What are the functions of Statistics?
40. List out any three taxes, that are levied and collected by the Union but assigned to the States, according to Article -269.

PART - IV

Note: Answer all the questions. 7 × 5 = 35

PART - II

Note : Answer any 7 questions. Question No.30 is Compulsory. 7 × 2 = 14

21. Define 'Economic Model'.
 22. Define GDP deflator.
 23. List out any four assumptions of Say's Law.
 24. Define 'Multiplier'.
 25. Define Money.
 26. Distinguish between CRR and SLR.
 27. What do you mean by Balance of Payment?
 28. When and where was SAARC Secretariat established?
 29. What are the social indicators of economic development?
 30. Write down the differences between Descriptive Statistics and Inferential Statistics.

PART - III

Note : Answer any 7 questions. Question No. 40 is Compulsory. 7 × 3 = 21

31. Indicate the demerits of Socialism.
 32. Explain in brief - NNP at factor cost.

41. (a) Compare the features among Capitalism, Secularism and Mixedism.
 (OR)
 (b) Discuss the various methods of estimating the National Income of a Country.
42. (a) Describe the types of unemployment.
 (OR)
 (b) What are the differences between Marginal Efficiency of Capital and Marginal Efficiency of Investment?
43. (a) Explain Keynes' Psychological law of Consumption function with diagram.
 (OR)
 (b) Explain the differences between Classical theory and Keynes' theory.
44. (a) Explain the functions of Money.
 (OR)
 (b) Discuss the differences between Internal Trade and International Trade.
45. (a) Describe the different types of Planning.
 (OR)
 (b) What are the objectives of Monetary Policy? Explain.
46. (a) What do you mean by GST? Explain its advantages.
 (OR)
 (b) State the causes of Land Pollution and mention the remedial measures to control Land Pollution.

47. (a) Calculate the Karl Pearson correlation co-efficient for the following data.

Demand of Product X :	23	27	28	29	30	31	33	35	36	39
Sale of Product Y :	18	22	23	24	25	26	28	29	30	32

(OR)

- (b) Explain the scope of Public Finance.

ANSWER

PART - I

- (d) (a) and (b)
- (b) Singular and Plural
- (d) All of the above
- (a) 2030
- (d) Income Theory
- (a) The resources transfer to the States
- (a) the purchase of bonds or stock issued by a textile company overseas
- (b) Non-market goods
- (a) Law of Markets
- (c) ₹ 500 and ₹ 1000
- (d) America
- (c) National Institution for Transforming India
- (c) Customs Union
- (d) Supply of Legal Tender money
- (c) Saving
- (c) Structural
- (d) Economic welfare
- (c) July 1, 1963
- (d) World Bank
- (c) Trade cycle

PART - II

- A Model is a simplified representation of real situation.
 - Economists use models to describe economic activities, their relationships and their behaviour.
- GDP deflator is an index of price changes of goods and services included in GDP.

$$\text{GDP deflator} = \frac{\text{Nominal GDP}}{\text{Real GDP}} \times 100$$

- No single buyer or seller of commodity or an input can effect price.
 - Full employment.
 - There will be a perfect competition in labour and product market.
 - Money acts only as a medium of exchange.
- The multiplier is defined as the ratio of the change in national income to change in investment.
 - If ΔI stands for increase in investment and ΔY stands for resultant increase in income, the multiplier $K = \Delta Y / \Delta I$.
 - Since ΔY results from ΔI , the multiplier is called investment multiplier.

25. Definitions of Walker and Crowther are given below.

- (i) "Money is, what money does" - Walker.
- (ii) "Money can be anything that is generally acceptable as a means of exchange and at the same time acts as a measure and a store of value" - Crowther.

26.

S. No.	CRR	SLR
(1)	The Central Bank controls credit by changing the Cash Reserves Ratio.	Statutory Liquidity Ratio (SLR) is the amount which a bank has to maintain in the form of cash, gold or approved securities.
(2)	Commercial Banks have excessive cash reserves on the basis of which they are creating too much of credit, this will be harmful for the larger interest of the economy.	The quantum is specified as some percentage of the total demand and time liabilities.

27. (i) Balance of Payments (BoP) is a systematic record of a country's economic and financial transactions with the rest of the world over a period of time.

- (ii) When a payment is received from a foreign country, it is a credit transaction while a payment to a foreign country is a debit transaction.

28. The SAARC Secretariat was established in Kathmandu (Nepal) on 16th January 1987.

29. (i) Social indicators are normally referred to as basic and collective needs of the people.

- (ii) The direct provision of basic needs such as health, education, food, water, sanitation and housing facilities check social backwardness.

30.

Descriptive Statistics	Inferential Statistics
It describes the population under study	It draws conclusion for the population based on the sample result.
It presents the data in a meaningful way through charts, diagrams graphs other than describing in words	It uses hypothesis testing and predicting on the basis of the outcome.
It gives the summary of data	It tries to understand the population beyond the sample.

PART - III

31. **Demerits of Socialism :**

(i) **Red Tapism and Bureaucracy :**

As decision are taken by government agencies, approval of many officials and movement of files from one table to other takes time and leads to red tapism.

(ii) **Absence of Incentive :**

The major limitation of socialism is that this system does not provide any incentive for efficiency.

(iii) **Limited Freedom of choice :**

Consumers do not enjoy freedom of choice over the consumption of goods and services.

(iv) **Concentration of Power :**

The State takes all major decisions.

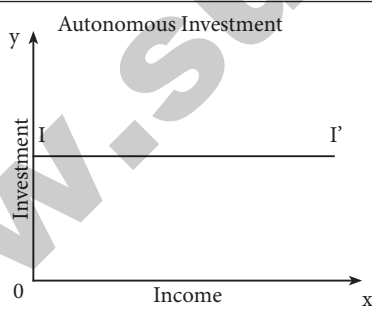
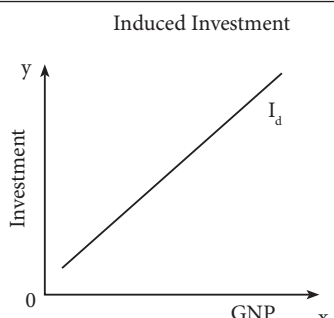
32. (i) NNP refers to the market value of output.
 (ii) NNP at factor cost is the total of income payment made to factors of production.
 (iii) Thus from the money value of NNP at market price, we deduct the amount of indirect taxes and add subsidies to arrive at the net national income at factor cost.

$$\text{NNP at factor cost} = \text{NNP at Market prices} - \text{Indirect taxes} + \text{Subsidies.}$$

33. (i) In the Keynesian model, output is determined mainly by aggregate demand.
 (ii) The aggregate demand is the amount of money which entrepreneurs expect to get by selling the output produced by the number of labourers employed.
 (iii) Therefore, it is the expected income or revenue from the sale of output at different levels of employment.
 (iv) Aggregate demand has the following four components.
 (1) Consumption Demand
 (2) Investment Demand
 (3) Government Expenditure and
 (4) Net Export (export - import)

$$\text{AD} = \text{C} + \text{I} + \text{G} + (\text{X} - \text{M})$$

34.

Sl. No.	Autonomous Investment	Induced Investment
1.	Additional investment that is independent of income.	Additional investment demand that result from an increase in domestic product (GDP).
2.	Independent	Planned
3.	Income inelastic	Income elastic
4.	Welfare motive	Profit motive
5.		

35. (i) **Demand - pull Inflation :**

- (1) Demand and supply a crucial role in deciding the inflation levels in the society at all the points of time.
 (2) For instance, if the demand is high for a product and supply is low, the price of the products increases.

(ii) **Cost - push Inflation :**

When the cost of raw materials and other inputs rises inflation results. Increase in wages paid to labour also leads to inflation.

36. NABARD has inherited its apex role from RBI. It is performing all the functions performed by RBI with regard to agricultural credit.
- (i) NABARD provides short-term, medium term and long-term credit to state cooperative Banks, RRB, LDBs and other financial institutions approved by RBI.
 - (ii) NABARD gives long-term loans (upto 20 years) to State government, and it also gives long-term loans to any institution approved by the Central Government.
 - (iii) NABARD has the responsibility of co-ordinating the activities of Central and State Governments, NITI Aayog, etc.
 - (iv) It has the responsibility to inspect RRBs and co-operative banks, other than primary co-operative societies.
37. The subject matter of International Economics are,
- (i) **Pure Theory of Trade :**
This component explains the causes for foreign trade, composition, direction and volume of trade, determination of the terms of trade and exchange rate, issues related to balance of trade and balance of payments.
 - (ii) **International Cartels and Trade Blocs :**
This part deals with the economic integration in the form of international cartels, customs unions, monetary unions, trade blocs, economic unions and the like. It also discusses the operation of Multi National Corporations (MNCs).
 - (iii) **International Financial and Trade Regulatory Institutions :**
The financial institutions like International Monetary Fund IMF, IBRD, WTO etc which influence international economic transactions and relations shall also be the part of international economics.
38. (i) South Africa hosted the 10th BRICS summit in July 2018.
(ii) The agenda for BRICS summit 2018 includes Inclusive Growth, Trade issues, Global Governance, Shared prosperity, International peace and security.
39. **Functions of Statistics :**
- (i) Statistics presents facts in a definite form.
 - (ii) It simplifies mass of figures.
 - (iii) It facilitates comparison.
 - (iv) It helps in formulating and testing.
 - (v) It helps in prediction.
 - (vi) It helps in the formulation of suitable policies.
40. 1. Duties in respect of succession to property other than agricultural land.
2. Estate duty in respect of property other than agricultural land.
3. Taxes on railway fares and freights.

PART - IV

41. (a)

Features	Capitalism	Socialism	Mixedism
Ownership of means of production	Private ownership	Public ownership	Private ownership and Public ownership
Economic motive	Profit	Social welfare	Social welfare & profit motive
Solution of central problems	Free market system	Central planning system.	Central planning system and free market system
Government Role	Internal Regulation only	Complete Involvement	Limited Role
Income Distribution	Unequal	Equal	Less unequal
Nature of Enterprise	Private Enterprise	Government Enterprise	Both Private and State enterprises
Economic Freedom	Complete Freedom	Lack of Freedom	Limited freedom
Major problem	Inequality	Inefficiency	Inequality and Inefficiency

(OR)

(b) There are three methods of measuring national Income. They are,

- (i) Production (or) Value added method.
- (ii) Income method (or) Factor earning method.
- (iii) Expenditure method.

And if these methods are done correctly, the following equation must hold.

Output = Income = Expenditure

(i) **Product Method :**

- (1) Product method measures the output of the country. It is also called inventory method.
- (2) Under this method, the gross value of output from different sectors like agriculture, industry, trade and commerce etc. is obtained for the entire economy during a year.
- (3) The value obtained is actually the GNP at market prices.
- (4) Care must be taken to avoid double counting.

(ii) **Income Method : (Factor Earning Method)**

- (1) This method approaches national income from the distribution side.
- (2) Under this method, national income is calculated by adding up all the incomes generated in the course of producing national product.
- (3) Factor incomes are grouped under labour income, capital income and mixed income.
- (4) National Income is calculated as domestic factor income plus net factor incomes from abroad. In short,

$$Y = w + r + i + \pi + (R-P)$$

w - wages, r-rent, i-interest, π - profit

(iii) **The Expenditure Method : (Outlay method)**

- (1) Under this method, the total expenditure incurred by the society in a particular year is added together.
- (2) To calculate the expenditure of a society, it includes personal consumption expenditure, net domestic investment, government expenditure on consumption as well as capital goods and net exports.

$$\text{GNP} = C + I + G + (X-M)$$

C - Private consumption expenditure

I - Private Investment Expenditure

G - Government Expenditure

X-M - Net Exports

42. (a) **Types of Unemployment are,**

- (i) Cyclical Unemployment
- (ii) Seasonal Unemployment
- (iii) Frictional Unemployment
- (iv) Educated Unemployment
- (v) Technical Unemployment
- (vi) Structural Unemployment
- (vii) Disguised Unemployment

(i) **Cyclical Unemployment :**

- (1) This unemployment exists during the downturn phase of trade cycle in the economy.
- (2) It is caused by deficiency of effective demand.

(ii) **Seasonal Unemployment :**

- (1) This type of unemployment occurs during certain seasons of the year.
- (2) In agriculture and agro based industries like sugar, production activities are carried out only in some seasons.

(iii) **Frictional Unemployment :**

- (1) Frictional unemployment arises due to imbalance between supply of labour and demand for labour.
- (2) The persons who lose jobs and in search of jobs are also included under frictional unemployment.

(iv) **Educated Unemployment :**

- (1) Sometimes educated people are underemployed or unemployed when qualification does not match the job.
- (2) Faulty education system, Lack of employable skills, mass student turnout and preference for white collar jobs are highly responsible for educated unemployment in India.

(v) **Technical Unemployment :**

- (1) Modern technology being capital intensive requires less labourers and contributes to technological unemployment.
- (2) Labour saving devices are responsible for technological unemployment.

(vi) **Structural Unemployment :**

- (1) Structural unemployment is due to drastic change in the structure of the society.
- (2) For example rise in demand for mobile phone has adversely affected the demand for cameras, tape recorders etc.

(vii) **Disguised unemployment :**

- (1) Disguised unemployment occurs when more people are working than what is actually required.
- (2) This type of unemployment is found in agriculture.

(OR)

(b)

Sl. No.	Marginal Efficiency of Capital (MEC)	Marginal Efficiency of Investment (MEI)
1.	It is based on given supply price for capital.	It is based on the induced change in the price due to change in the demand for capital.
2.	It represents the rate of return on all successive units of capital without regard to existing capital.	It shows the rate of return on just those units of capital over and above the existing capital stock.
3.	The capital stock is taken on the X axis of diagram.	The amount of investment is taken on the X axis of diagram.
4.	It is a "Stock" concept.	It is a "Flow" concept.
5.	It determines the optimum capital stock in an economy at each level of interest rate.	It determines the net investment of the economy at each interest rate given the capital stock.

43. (a) **Keynes's Psychological Law of consumption :**

Keynes propounded the fundamental psychological law of consumption which forms the basis of the consumption function.

Assumptions :

Keynes's law is based on the following assumptions.

- (i) Ceteris paribus (constant extraneous variables)
- (ii) Existence of Normal conditions.
- (iii) Existence of a Laissez - faire capitalist economy.

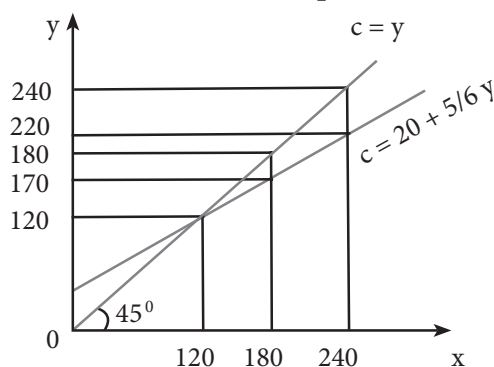
Propositions of the law :

This law has three propositions.

- (i) When income increase consumption expenditure also increases but by a smaller amount.
- (ii) The increased income will be divided in some proportion between consumption expenditure and saving.
- (iii) Increase in income always leads to an increase in both consumption and saving.

Income Y	Consumption C	Savings S = Y - C
120	120	0
180	170	10
240	220	20

The Three Propositions



- (i) Here, income is measured horizontally and consumption and saving are measured on the vertical axis.
- (ii) C is the consumption function curve and 45° line represents income consumption equality.

Proposition (1) : When income increases from 120 to 180 consumption also increases from 120 to 170 but the increase in consumption is less than the increase in income, 10 is saved.

Proposition (2) : When income increases to 180 and 240 it is divided in some proportion between consumption by 170 and 220 and saving by 10 and 20 respectively.

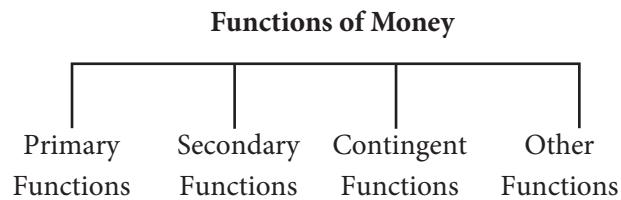
Proposition (3) : Increases in income to 180 and 240 lead to increased consumption 170 and 220 and increased saving 20 and 10 than before. It is clear from the widening area below the C curve and the saving gap between 45° line and C curve.

(OR)

(b)

S. No.	Keynesianism	Classicism
1.	Short-run equilibrium	Long-run equilibrium
2.	Saving is a vice	Saving is a social virtue
3.	The function of money is a medium of exchange on the one side and a store of value on the other side.	The function of money is to act as a medium of exchange.
4.	Macro approach to national problems	Micro foundation to Macro problems
5.	State intervention is advocated	Champions of Laissez fair policy.
6.	Applicable to all situations full employment and less than full employment.	Applicable only to the full employment situation.
7.	Capitalism has inherent contradictions	Capitalism is well and good
8.	Budgeting should be adjusted to the requirements of economy.	Balanced budget.
9.	The equality between saving and investment is advanced through changes income.	The equality between saving and investment is achieved through changes of rate of interest.
10.	Rate of interest is a flow.	Rate of interest is a stock.
11.	Demand creates its own supply.	Supply creates its own demand.

44. (a) The main functions of money can be classified into four categories.



(I) **Primary Functions :**

(1) **Money as a medium of Exchange :**

- (i) This is considered as the basic function of money.
- (ii) Money has the quality of general acceptability and all exchanges take place in terms of money.

(2) **Money as a measure of value :**

The second important function of money is that it measures the value of goods and services.

(II) **Secondary Functions :**

(1) **Money as a Store of value :**

- (i) Savings done in terms of commodities were not permanent. But, with the invention of money, this difficulty has now disappeared and savings are now done in terms of money.
- (ii) It can be easily converted into other marketable assets, such as, land, machinery, plant etc.

(2) **Money as a Standard of Deferred Payments :**

- (i) Borrowing and lending were difficult in Barter system.
- (ii) In the absence of money, the borrowed amount could be returned only in terms of goods and services.
- (iii) But money acts as the standard of deferred payments.

(III) **Contingent Functions :**

- (i) **Basis of the Credit System :** Business transactions are either in cash or on credit. Money is at the back of all credits.
- (ii) **Money facilitates distribution of national income :** The task of distribution of national income was exceedingly complex under the barter system.
- (iii) **Money helps to Equalize Marginal Utilities and Marginal Productivities :** Consumer can obtain maximum utility only if he incurs expenditure on various commodities in such a manner as to equalize marginal utilities accruing from them.
- (iv) **Money increases productivity of capital :** Money is the most liquid form of capital. In other words, capital in the form of money can be put to any use.

(IV) **Other Functions :**

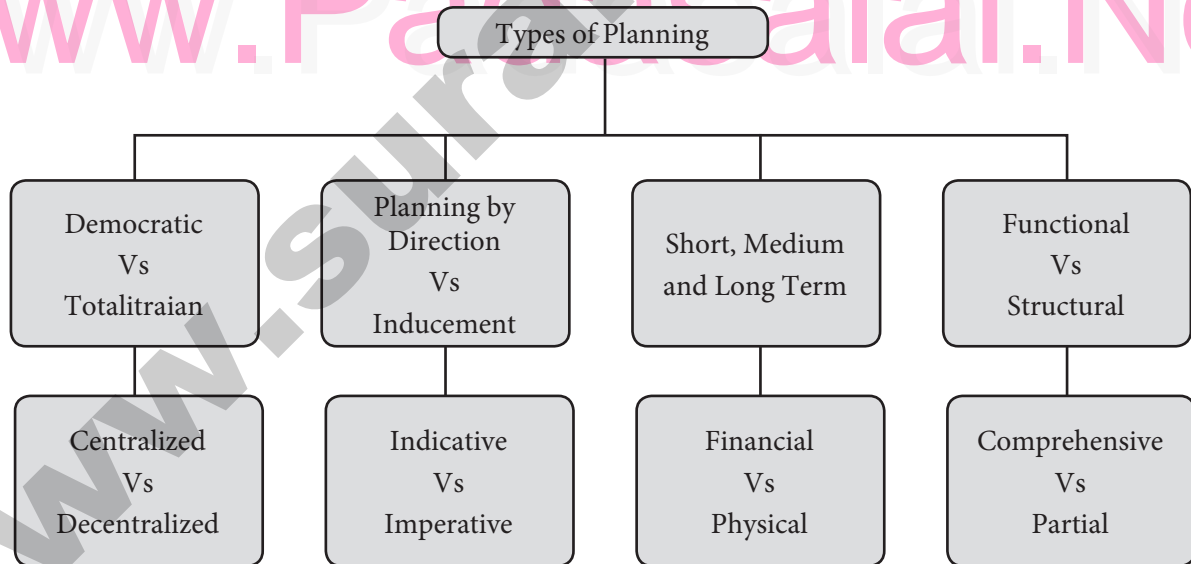
- (i) **Money helps to maintain repayment capacity :** Money possesses the quality of general acceptability.
- (ii) **Money represents generalized purchasing power :** Purchasing power kept in terms of money can be put to any use.
- (iii) **Money gives liquidity to capital:** Money is the most liquid form of capital. It can be put to any use.

(OR)

(b)

S. No.	Internal Trade	International Trade
1.	Trade takes place between different individual and firms within the same nation.	Trade takes place between different individual and firms in different countries.
2.	Labour and capital move freely from one region to another.	Labour and capital do not move easily from one nation to another.
3.	There is only one common currency.	There are different currencies.
4.	There will be free flow of goods and services since there are no restrictions.	Goods and services do not easily move from one country to another since there are a number of restrictions like tariff and quota.
5.	The physical and geographical conditions of a country are more or less similar.	There are differences in physical and geographical conditions of the two countries.
6.	Trade and financial regulations are more or less the same.	Trade and financial regulations such as interest rate, trade laws differ between countries.
7.	There is no difference in political affiliations, customs and habits of the people and government policies.	Differences are pronounced in political affiliations, habits and customs of the people and government policies.

45. (a)



1. Democratic Vs Totalitarian :	
Democratic Plan	Totalitarian Plan
Democratic planning implies planning within democracy.	Under totalitarian planning, there is central control and direction of all economic activities in accordance with a single plan.
People are associated at every step in the formulation and implementation of the plan.	In authoritarian planning, the planning authority is the supreme body.

2. Centralized Vs Decentralized		
Centralized Plan		Decentralized Plan
Under centralized planning, the entire planning process in a country is under a central planning authority.		Under decentralized planning local organizations and institutions formulate, adopt, execute and supervise the plan without interference by the central authorities.
In other words, it is called 'planning from above'.		In other words, it is called 'planning from below'
3. Planning by Direction Vs Inducement:		
Planning by Direction		Planning by Inducement
There is a central authority which plans, directs and orders the execution of the plan in accordance with pre-determined targets and priorities.		The people are induced to act in a certain way through various monetary and fiscal measures.
4. Indicative Vs Imperative Planning:		
Indicative Plan		Imperative Plan
Indicative planning is peculiar to the mixed economies. It has been in practice in France		The state is all powerful in preparation and implementation of the plan.
Under this plan, the outline of plan is prepared by the Government. Then it is discussed with the representatives of private management, trade unions, consumer groups, finance institutions and other experts.		Once a plan is drawn up, its implementation is a matter of enforcement. There is complete control over the entire resources by the state.
5. Short, Medium and Long term Planning:		
Short Term Plan	Medium Term Plan	Long Term Plan
Short - term upto 1 year	Medium - term 3 - 7 years	Long - term over 10 years
Short - term planning concerns the plans in a time period of 1 year - operational planning.	Medium - term planning is considered for a time period of 5 years - tactical planning.	Long - term planning is considered for a time period over 10 years - strategic planning.
6. Financial Vs Physical Planning:		
Financial Plan		Physical Plan
Financial planning refers to the technique of planning in which resources are allocated in terms of money		Physical planning pertains to the allocation of resources in terms of men, materials and machinery.
7. Functional Vs Structural Planning:		
Functional Plan		Structural Plan
Functional planning refers to that planning which seeks to remove economic difficulties		The structural planning refers to a good deal of changes in the socio-economic framework of the country.
8. Comprehensive Vs Partial Planning:		
Comprehensive Plan		Partial Plan
General planning which concerns itself with the major issues for the whole economy is known as comprehensive planning		Partial planning is to consider only the few important sectors of the economy

(OR)

(b) Objectives of Monetary Policy :

- (1) **Neutrality of Money** : Economists like Wicksteed, Hayek and Robertson are the chief exponents of neutral money. They hold the view that monetary authority should aim at neutrality of money in the economy. Monetary changes could be the root cause of all economic fluctuations.
- (2) **Exchange Rate Stability** : Exchange rate stability was the traditional objective of monetary authority. This was the main objective under Gold Standard among different countries.
- (3) **Price Stability** : Economists like Crustave Cassel and Keynes suggested price stabilization as a main objective of monetary policy. Price stability is considered the most genuine objective of monetary policy.
- (4) **Full Employment** : During world depression, the problem of unemployment had increased rapidly. It was regarded as socially dangerous, economically wasteful and morally deplorable.
- (5) **Economic Growth** : Economic growth is the process whereby the real per capita income of a country increases over a long period of time. It implies an increase in the total physical or real output, production of goods for the satisfaction of human wants.
- (6) **Equilibrium in the Balance of Payments**: Equilibrium in the balance of payments is another objective of monetary policy which emerged significant in the post war years.

46. (a) Goods and Service Tax (GST) is an indirect tax levied on the supply of goods and services. This law has replaced many indirect tax laws that previously existed in India.

Advantages of GST:

- (i) GST will mainly remove the cascading effect on the sale of goods and services.
- (ii) Removal of cascading effect will directly impact the cost of goods.
- (iii) Tax is eliminated in this regime, the cost of goods decreases.
- (iv) GST is also mainly technologically driven.
- (v) All activities like registration, return filing, application for refund and response to notice need to be done online on the GST portal. This will speed up the processes.

(OR)

(b) Causes of land pollution :

- (i) **Deforestation and soil erosion** : Deforestation carried out to create dry lands is one of the major concerns.
- (ii) **Agricultural activities** : With growing human and pet animal population, demand for food has increased considerably. Farmers often use highly toxic fertilizers and pesticides to get rid off insects, fungi and bacteria from their crops.
- (iii) **Mining activities** : During extraction and mining activities, several land spaces are created beneath the surface.
- (iv) **Landfills** : Each household produces tones of garbage each year due to changing economic lifestyle of the people. Garbage like plastic, paper, cloth, wood and hospital waste get accumulated.
- (v) **Industrialization** : Due to increasing consumerism more industries were developed which led to deforestation.

Remedial measures to control Land Pollution:

1. Making people aware about the concept of a Reduce, Recycle and Reuse
2. Buying biodegradable products
3. Minimizing the usage of pesticides
4. Shifting cultivation
5. Disposing unwanted garbage properly either by burning or by burying under the soil.
6. Minimizing the usage of plastics.

47. (a)

S. No.	Demand of Product X	Sale of Product Y	dx (A = 31) X - A (X - 31)	dy (B = 26) Y - B (Y - 26)	dx ²	dy ²	dx dy
1	23	18	-8	-8	64	64	64
2	27	22	-4	-4	16	16	16
3	28	23	-3	-3	9	9	9
4	29	24	-2	-2	4	4	4
5	30	25	-1	-1	1	1	1
6	31	26	0	0	0	0	0
7	33	28	2	2	4	4	4
8	35	29	4	3	16	9	12
9	36	30	5	4	25	16	20
10	39	32	8	6	64	36	48
	ΣX = 311	ΣY = 257	Σ(X-A) = 1	Σ(Y-B) = -3	Σdx ² = 203	Σdy ² = 159	Σdx dy = 178

$$\bar{X} = \frac{\sum X}{N} = \frac{311}{10} = 31\frac{1}{10} \text{ - Take the assumed values}$$

$$\bar{Y} = \frac{\sum Y}{N} = \frac{257}{10} = 25\frac{7}{10}$$

$$A = 31, \quad B = 26$$

$$X - A \Rightarrow 31, \quad Y - B \Rightarrow 26$$

$$N = 10,$$

$$\sum X = 311,$$

$$\sum Y = 257$$

$$\sum dx = (\sum X - A) = 1$$

$$\sum dy = (\sum Y - B) = -3$$

$$\sum dx^2 = 203$$

$$\sum dy^2 = 159,$$

$$\sum dx dy = 178$$

$$\begin{aligned}
 r &= \frac{N \sum dx dy - (\sum dx)(\sum dy)}{\sqrt{N \sum dx^2 - (\sum dx)^2} \sqrt{N \sum dy^2 - (\sum dy)^2}} \\
 &= \frac{10 \times 178 - (1)(-3)}{\sqrt{10 \times 203 - (1)^2} \sqrt{10 \times 159 - (-3)^2}} = \frac{1780 + 3}{\sqrt{2030 - 1} \sqrt{1590 - 9}} \\
 &= \frac{1783}{\sqrt{2029} \sqrt{1581}} = \frac{1783}{(45.044)(39.761)} = \frac{1783}{1790.94} \\
 \therefore r &= 0.9955
 \end{aligned}$$

(OR)

(b) The subject 'Public Finance' includes five major sub-divisions, viz., Public Revenue, Public Expenditure, Public Debt, Financial Administration and Fiscal Policy.

1. **Public Revenue :** Public revenue deals with the methods of raising public revenue such as tax and non-tax, the principles of taxation, rates of taxation, impact, incidence and shifting of taxes and their effects.
2. **Public Expenditure :** This part studies the fundamental principles that govern the Government expenditure, effects of public expenditure and control of public expenditure.
3. **Public Debt :** Public debt deals with the methods of raising loans from internal and external sources. The burden, effects and redemption of public debt fall under this head.
4. **Financial Administration :** This part deals with the study of the different aspects of public budget. The budget is the Annual master financial plan of the Government. The various objectives and steps in preparing a public budget, passing or sanctioning, allocation evaluation and auditing fall within financial administration.
5. **Fiscal Policy :** Taxes, subsidies, public debt and public expenditure are the instruments of fiscal policy.

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