



INDIAN SCHOOL AL WADI AL KABIR

UNIT-TEST-I -2023-24

ECONOMICS -ANSWER KEY (030)

SET-1

Marks: 30

Q. No.	<u>SECTION – A: MACRO ECONOMICS</u>	Mar
1	Option b	1
2	Option a	1
3	Option c	1
4	The rate at which central bank lends money to Central bank in long term.	1
5	Option b	1
6	Option a	1
7	<p>The flow of national income from households to firms and from firms to households is known as circular flow of national income.</p> <p>There are two types of flow:</p> <p>a. Real flow: It refers to the flow of factor services from household to firm and corresponding flow of goods and services from firms to households.</p> <p>b. Money flow: It refers to the flow of factor payments from firms to households for their factor services and corresponding flow of consumption expenditure from households to firms for the purchase of goods and services produced by the firm.</p>	3
8	<p>Cash Reserve Ratio (CRR) is the percentage of money, which a bank has to keep with RBI in the form of cash. Whereas, Statutory Liquidity Ratio (SLR) is the proportion of liquid assets to time and demand liabilities which they shd keep with themselves.</p> <p>Credit creation refers to expanding the availability of money through the advancement of loans and credit by banks and financial institutions.</p> <p>Credit creation = Initial deposit X 1/ Legal Reserve ratio = 500</p>	2+2+ 2
	<u>SECTION – B: INDIAN ECONOMIC DEVELOPMENT</u>	
9	A: c	1
10	A: b	1
11	A: a	1
12	A: a	1
13	A: a	1

14	A: c	1
15	<p>Basic infrastructure such as railways, ports, water transport, posts and telegraphs developed under the British rule. However, the intention was not to provide amenities to Indian population but to satisfy colonial interests. The infrastructural development during British rule and the motives behind them are mentioned below: –</p> <p>(i) Roads were built primarily to serve the purposes of mobilising the army within India and drawing out raw materials from the countryside to the nearest railway station or the port for export.</p> <p>(ii) Railways were introduced in India in 1850 to assist British industries in widening the market for their finished goods.</p> <p>(iii) The aim of developing postal and telegraph was to enhance the efficiency of British administration.</p>	3
16	<p>1. A: d 2. A: b 3. A: a 4. A: b 5. A: Statement is Defended.</p> <p>Following steps:</p> <p>a. Reservation of products: Govt reserved production of a number of products for the SSI. The criterion for reserving the products depended on the ability of these units to manufacture the goods.</p> <p>b. Various Concessions: SSI were also given concessions such as lower excise duty and bank loans at lower interest rates.</p>	4+2