

1.	When income earned from abroad is less than income paid to abroad.	2
2.	a. $MPS = \text{Change in savings} / \text{change in Income}$ $MPS = 30/150$ $MPS = 0.6$ b. Autonomous Consumption is 20	2
3.	Impact on Employment: There will be no change in the level of employment as economy is already operating at full employment equilibrium. There is no involuntary unemployment	2
4.	Urban Areas: <ol style="list-style-type: none"> <li>Required specialized skills to be absorbed in service or industrial sector.</li> <li>Long working hours, night shifts, family commitments, safety at the workplace.</li> </ol> Rural Areas: <ol style="list-style-type: none"> <li>Mostly in farming activities or allied activities</li> <li>They don't require any specialised professional course they learn by doing.</li> </ol>	2
5.	<ol style="list-style-type: none"> <li>Lesser Air pollution.</li> <li>Use of CNG in place of petrol and diesel cleaner air, reduces air pollution.</li> <li>Lesser private transport further conservation of non-renewable resources.</li> </ol>	2
6.	$GDP \text{ deflator} = \text{Nominal GDP} / \text{Real GDP}$ a. $GDP \text{ deflator} = (6.5/6.5) * 100$ Ans is 100 for 2014-15 b. $GDP \text{ deflator} = (9/7.3) * 100$ Ans is 125 for 2016-17	3
7.	<ol style="list-style-type: none"> <li>Use of chemical fertilizers Reduces soil fertility.</li> <li>Also leads to contamination of water bodies.</li> <li>Chemical fertilizers lead to increase in demand of irrigation.</li> <li>In the process of bio composting organic waste is converted into various types of natural manures.</li> <li>With the rise in demand for organic products farmers have started using bio compost.</li> </ol>	3
8.	<ol style="list-style-type: none"> <li>Severe drought caused havoc in China.</li> <li>Rapid switch from agrarian to industrialisation.</li> <li>Shortage of finance in the initial stage to set up industries.</li> </ol>	3
9.	<ol style="list-style-type: none"> <li>Higher growth rate in India as compared to China.</li> <li>One child policy adopted in China led to more of elderly population thereby fall in the fertility rate.</li> <li>Awareness among the Chinese population regarding importance of small families.</li> </ol>	3
10.	<ol style="list-style-type: none"> <li>Rise in bank rate make it costlier for the commercial banks to borrow from the central bank.</li> <li>This makes it costlier for the general public to borrow from the commercial banks since commercial banks increases the lending rate.</li> <li>This discourages the public to borrow as a result it reduces the money supply, purchasing power and there by the excess demand.</li> </ol>	3
11.	a. $\text{Sales} + \text{change in stock} - \text{intermediate consumption} - \text{depreciation} - \text{NIT} = \text{NDP}_{fc}$ $25000 + (-500) - 6000 - 1000 - 5000 = 12500$	5

	b. We need to distinguish between the final and intermediate goods because if we include both it will lead to double counting and overestimation of the national Income.	
12.	Two Monetary measure to control inflationary pressure in the bank rate. Quantitative a. Increase in Repo rate b. Increase in LRR Qualitative c. Moral Suasion. d. Increase in margin requirements	5
13.	a. Infrastructure refers to all such activities, services and facilities which are needed to provide different kinds of services in an economy. They are of two types Social and economic infrastructure. b. 1. To push to infrastructure development and logistics across India. 2.To drive economic growth by giving boost to industries such as steel and cement.	5

