

Time Allowed: 45 mins.

**Questions 1 to of 4marks**

**Maximum Marks: 22**

- Q-1 Which of the following is not a flow?  
A)Capital B)Income C)Investment D) Depreciation
- Q-2 Which of the following is a flow?  
A) Deposits in a bank B) Capital c) Depreciation d)Wealth
- Q-3 Which of the following is a stock?  
A) Savings b) Production c) Consumption of fixed capital d) Capital
- Q-4 Statement-1 In a two sector economy with households and firms, there are no savings in the economy.  
Statement-2 Real flow in the form of factor services and final goods and services is equal to money flow between firms and households in a two sector economy.
- Q-5 Match the following statements: (2)
- | Column-1      | Column-2                                       |
|---------------|--|
| a) Money flow | (i) It involves exchange of goods and services |
| b) Stock      | (ii) It has a time dimension                   |
| c) Real flow  | (iii) It is also known as Physical Flow        |
| d) Flow       | (iv) It is a static concept                    |
- Q-6 Explain the three phases of Circular flow.(3)
- Q-7 Differentiate Real and Nominal flow(3)
- Q-8 Circular flow of income principle is based on the assumption –one’s expenditure is other’s income. Justify the given statement.(3)
- Q-9 Describe the circular flow of income with the help of diagram.(6)