

ECONOMICS*(Two Hours)*

Answers to this Paper must be written on the paper provided separately.

*You will **not** be allowed to write during the first 15 minutes.*

This time is to be spent in reading the question paper.

The time given at the head of this Paper is the time allowed for writing the answers.

Attempt all questions from Section A and any four questions from Section B.

The intended marks for questions or parts of questions are given in brackets [].

SECTION A (40 Marks)

Attempt all questions from this Section

Question 1

- (a) Explain in brief the characteristics of land with respect to its supply and use. [2]
- (b) Briefly explain the percentage method of calculating elasticity of demand. [2]
- (c) State *two* differences between labour services provided by a surgeon and a farmer. [2]
- (d) State *two* reasons for consumer exploitation in India. [2]
- (e) How does use of money solve the problem of 'lack of double coincidence of wants' that existed under the barter system? [2]

Question 2

- (a) Distinguish between stock of capital goods and capital formation using a suitable example. [2]
- (b) State *two* circumstances under which the demand curve slopes upwards to the right. [2]
- (c) How does the Central Bank act as a fiscal agent to the Government? [2]
- (d) *A mild inflation is beneficial for economic growth.* Justify the statement. [2]
- (e) How can taxes be used for promoting economic growth? [2]

This Paper consists of 3 printed pages and 1 blank page.

**Question 3**

- (a) Classify the following into Fixed capital and Circulating capital:
- (i) building
 - (ii) tailors
 - (iii) sewing machines
 - (iv) tailoring accessories. [2]
- (b) State *two* examples of direct tax imposed by the Central Government in India. [2]
- (c) What is meant by CRR? Briefly examine its role in credit control. [2]
- (d) Using hypothetical data show a market demand schedule. [2]
- (e) How does money act as a store of value? [2]

Question 4

- (a) State the difference between *redeemable* debt and *irredeemable* debt. [2]
- (b) State *two* ways through which an entrepreneur contributes towards economic development. [2]
- (c) How does Proportional tax differ from Progressive tax? [2]
- (d) Distinguish between a *tax* and a *subsidy*. [2]
- (e) Explain *two* methods of accepting deposits by commercial banks. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section

Question 5

- (a) Discuss *five* characteristics of Capital as a factor of production. [5]
- (b) State the Law of demand. Briefly explain any *three* determinants for the negative slope of the demand curve. [5]

Question 6

- (a) Define Inflation. Explain any *two* fiscal measures and *two* monetary measures to control it. [5]

- (b) Distinguish between the following:
- (i) Extension and Increase in demand.
 - (ii) Normal goods and Inferior goods. [5]

Question 7

- (a) With respect to division of labour state the following:
- (i) An example each of vertical and horizontal division of labour.
 - (ii) *Two* advantages to the producer.
 - (iii) *Two* disadvantages to the worker. [5]
- (b) Discuss *five* causes of the low rate of capital formation in India. [5]

Question 8

- (a) Discuss the functions of the Central Bank as a 'Banker to Banks' and 'Banker to the Government'. [5]
- (b) Differentiate between the following:
- (i) Limited legal tender and Unlimited legal tender.
 - (ii) Standard money and Bank money. [5]

Question 9

- (a) Using graphs distinguish between *change in supply* and *change in quantity supplied*. [5]
- (b) Briefly explain any *five* rights stated in the Consumer Protection Act. [5]

Question 10

- (a) Discuss the reasons for the growth of public expenditure in India? [5]
- (b) Explain *three* merits and *two* demerits of indirect taxes. [5]