

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) State *two* advantages of opening a bank account. [2]
- (b) What is the difference between *impact of taxation* and *incidence of taxation*? [2]
- (c) Define cost-push inflation. State *two* factors causing it. [2]
- (d) The bus fare between two cities is reduced. How will this affect the demand curve for bus travel between the two cities? [2]
- (e) Distinguish between *Real* capital and *Debt* capital with the help of suitable examples. [2]

Question 2

- (a) Distinguish between *simple division* of labour and *complex division* of labour. [2]
- (b) What is meant by *expenditure tax*? Give an example. [2]
- (c) How does money solve the problem of lack of a common measure of value that existed under the barter system? [2]
- (d) How does the nature of a good affect its elasticity of demand? [2]
- (e) Mention *two* agency functions of a Commercial Bank. [2]

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

Question 3

- (a) Mention *two* causes of low efficiency of labour in India. [2]
- (b) Mention any *two* forms of consumer exploitation. [2]
- (c) Define *Public debt*. [2]
- (d) Indirect taxes are regressive in nature. How can they be made progressive? [2]
- (e) Distinguish between *demand* deposits and *fixed* deposits. [2]

Question 4

- (a) Indicate the degree of elasticity of a supply curve parallel to the x-axis. [2]
- (b) Distinguish between *Creeping inflation* and *Running inflation*. [2]
- (c) How does money act as a standard of deferred payment? [2]
- (d) Briefly explain the importance of public expenditure in the industrial development of developing countries. [2]
- (e) Distinguish between *Statutory Liquidity Ratio* and *Cash Reserve Ratio*. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section

Question 5

- (a) What is meant by increase in demand? Discuss any *four* factors affecting price elasticity of demand. [5]
- (b) Define *land*. Explain the importance of land as a factor of production. [5]

Question 6

- (a) Define *supply*. State the law of supply and explain it with the help of a diagram. [5]
- (b) Define a *consumer*. Explain the importance of educating consumers of their rights. [5]

Question 7

- (a) Name the institution that enjoys the monopoly of note issue in India. Briefly explain *two* qualitative methods of credit control adopted by this institution. [5]
- (b) Define labour. Explain *four* important characteristic features of labour. [5]

Question 8

- (a) What is meant by food adulteration? Give an example. Mention two harmful effects of food adulteration. Name any *one* measure formulated to prevent the problem of food adulteration in India. [5]
- (b) Explain *two* methods adopted by Commercial Banks to advance loans to the general public. [5]

Question 9

- (a) Why is the income of an entrepreneur residual in nature? Discuss any *three* functions of an entrepreneur. [5]
- (b) Distinguish between:
- (i) *Voluntary debt* and *Compulsory debt*.
 - (ii) *Regressive tax* and *Degressive tax*. [5]

Question 10

- (a) Define a tax. Explain briefly *two* merits and *two* demerits of direct taxes. [5]
- (b) What is inflation? Discuss the effects of inflation on:
- (i) Fixed income groups.
 - (ii) Producers. [5]