

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) How has fear of *nationalization of companies* and *inadequate investment channels* resulted in low capital formation in India? [2]
- (b) Which of the following is considered *labour* in Economics? Give reasons.
 - (i) The judgement given by a Judge in the Court.
 - (ii) Participation in the annual athletic meet by a student. [2]
- (c) How does *fixation of margin required* on secured loan practised by the Reserve Bank of India affect the flow of credit in the Indian Economy? [2]
- (d) How can *Direct Taxes* help in fostering *social consciousness* and *equality* in the society? [2]
- (e) State two main objectives of the current Five Year Plan operative in India. [2]

Question 2

- (a) *Insecurity of tenancy rights* and *social conditions* affect the productivity of land. Discuss this statement with the help of suitable examples. [2]
- (b) Differentiate between *Revenue* and *Capital Expenditure* of the Government of India. [2]

This Paper consists of 4 printed pages.

- (c) In the table given below, identify the type of *elasticity* and state the reasons for the same:-

	Price Movement	Total Expenditure	Elasticity
a	Falls	Rises	?
b	Rises	Rises	?

[2]

- (d) Give two arguments in favour of the *privatization of Banks* over their *nationalization*. [2]
- (e) Discuss two relevant characteristics of *Capital* which help in accelerating the economic development of a country. [2]

Question 3

- (a) Differentiate between SLR and CRR. [2]
- (b) How do *wages* and *environment* affect the efficiency of labour? [2]
- (c) Explain the term *credit multiplier*. [2]
- (d) 25 paise was being charged as sales tax on the purchase of a particular brand of soap. Due to the revised policy of the Government, sales tax was increased to 50 paise. With the help of an appropriate diagram, indicate the impact of the revised budget policy on the supply curve of the soap in the market. [2]
- (e) Define the term *Public Finance*. [2]

Question 4

- (a) Give two determinants of demand of a commodity. [2]
- (b) Distinguish between *hyper* and *running* inflation. [2]
- (c) Which form of capital, Social or Individual has a greater impact on the developing Economy? Justify your answer. [2]
- (d) Differentiate between *Regressive* and *Degressive Taxes*, giving an example of each. [2]
- (e) *Price and demand move in opposite directions*. Give two reasons justifying this statement. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section.

Question 5

- (a) Define *land*. Explain any four characteristics of land. [5]
- (b) 'There is a positive co-relation between *Entrepreneurship* and *Economic development*'. Give five arguments in support of the above statement. [5]

Question 6

- (a) With the help of appropriate diagrams, write relevant points of distinction between movement along a demand curve and shift of the demand curve. [5]
- (b) Using diagrams and schedules, differentiate between *individual* and *market* supply. [5]

Question 7

- (a) *Division of labour* is considered to be the central feature of a modern economy. Explain its impact on the production structure of an economy. [5]
- (b) Explain any five factors affecting *Price elasticity* of demand. [5]

Question 8

- (a) Discuss any three *merits* and two *demerits* of Indirect taxes over Direct taxes. [5]
- (b) Define the term *Economic Planning*. Enumerate three *social objectives* of *Economic Planning*. [5]

Question 9

- (a) Define the term *Money*. Explain its utility as a *standard of deferred payment*, in assisting production decisions and measure of value. [5]
- (b) What is meant by the *supply of a commodity*? Discuss any four factors which determine the supply of a commodity. [5]



Question 10

- (a) Discuss the impact of *inflation* on the various economic entities of a country. [5]
- (b) Study the table given below and answer the questions that follow:-

Internal Liabilities of the Government of India during 1980-2003		
Liabilities	Year	Year
	1980 - 81	2002 - 2003
Total Internal Liabilities	48,451 Crores	14,35,663 Crores

- (i) Interpret the above data. [1]
- (ii) State any two reasons why the Government borrows from the Public. [2]
- (iii) Is the growing burden of *Public Debt* justified in India? Write your views with suitable reasons. [2]