
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 does land differ from other factors of production with respect to its supply? [2]
- (b) What is meant by cost push inflation? [2]
- (c) With the help of a diagram define perfectly elastic demand. [2]
- (d) Identify the type of division of labour in an automobile industry. Explain. [2]
- (e) With suitable examples differentiate between complementary goods and substitute goods. [2]

Question 2

- (a) Why is supply directly proportional to price? [2]
- (b) Explain briefly any one determinant of an exceptional demand curve. [2]
- (c) What is meant by unproductive public debt? [2]
- (d) Mention one contingent function of money. [2]
- (e) Explain briefly the impact of cost of production on elasticity of supply. [2]

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

T17 641

© Copyright reserved.

Turn over

Question 3

- (a) How does proportional tax differ from progressive tax? [2]
- (b) Capital depreciates. Explain. [2]
- (c) What is meant by double coincidence of wants? How does money overcome this problem? [2]
- (d) Expand COPRA. What is its objective? [2]
- (e) Indirect taxes sometimes help in social reforms. Explain. [2]

Question 4

- (a) Distinguish between fixed capital and floating capital. [2]
- (b) How does money act as a standard of deferred payment? [2]
- (c) Define public expenditure? [2]
- (d) What is meant by consumer awareness? [2]
- (e) Mention one difference between demand deposits and time deposits. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section

Question 5

- (a) Define labour. Suggest three methods to improve the efficiency of Indian labour. [5]
- (b) What is meant by capital formation? Explain three causes of low capital formation in India. [5]

Question 6

- (a) Mention an important difference between a Commercial Bank and the Central Bank. Explain briefly three methods adopted by Commercial Banks to advance credit to borrowers. [5]
- (b) Define the term 'Entrepreneur'. Discuss three ways by which an entrepreneur promotes economic growth. [5]

Question 7

- (a) With the help of a suitable diagram explain the meaning of rightward shift in the demand curve. Explain briefly any two of its determinants. [5]
- (b) Name the institution which enjoys the monopoly of note issue. Explain the following functions of this institution: [5]
- (i) Bankers Bank
 - (ii) Banker to the Government

Question 8

- (a) State the law of supply. Explain any three factors other than price which determine supply in the market. [5]
- (b) Explain the meaning of the following terms: [5]
- (i) Impact
 - (ii) Shifting
 - (iii) Incidence
- To which tax are these terms relevant? Explain any one merit and two demerits of this tax.

Question 9

- (a) Mention one way by which consumers are exploited in the market. Explain clearly three reasons as to why consumers are exploited. [5]
- (b) Public expenditure in India has increased over the years. Explain four principle reasons for its increase. [5]

Question 10

- (a) (i) What is meant by the term 'Inflation'? What is its impact on debtors? [5]
- (ii) Explain the following:
- 1. Creeping inflation
 - 2. Walking inflation
 - 3. Hyper inflation
- (b) With the help a suitable example explain the meaning of geographical or territorial division of labour. Discuss any three advantages of division of labour. [5]

www.careerindia.com