
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) Give two reasons as to why the *division of labour* is an *advantage* to the producer? [2]
- (b) Define the term *consumer awareness*. [2]
- (c) Why do *small farmers suffer* during inflation? [2]
- (d) Which are the *two sources* of public revenue? [2]
- (e) Define the term *labour* as a factor of production. [2]

Question 2

- (a) Explain *any one factor* that *affects the supply of a commodity*. [2]
- (b) What do you *understand* by the term '*near money*'? [2]
- (c) A list of goods are given below. [2]
State whether it is *fixed capital* or *circulating capital*.
- (i) Machines
- (ii) Raw material
- (iii) Fuel
- (iv) Office furniture

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- (d) With the help of *an example* explain the term *productive debt*. [2]
- (e) Explain *any two* characteristics of capital. [2]

Question 3

- (a) How is land *different* from labour? [2]
- (b) Draw *a diagram* showing a perfectly elastic demand curve. [2]
- (c) With help of *an example* explain the term *complementary goods*. [2]
- (d) Name *any two sources of external debt* for India. [2]
- (e) *Differentiate* between *creeping* and *running* inflation. [2]

Question 4

- (a) Mention *two ways* by which *efficiency* of labour can be improved. [2]
- (b) What does the term '*nationalisation of banks*' mean? [2]
- (c) Why is India considered to be in a *virtual debt trap*? [2]
- (d) Give *any two* reasons for giving the *monopoly right of note issue* to the Central Bank. [2]
- (e) Mention *any two* duties of a consumer. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section

Question 5

- (a) Give *any five* differences between *product* and *process* based division of labour. [5]
- (b) Explain *any five rights of the consumers* as accepted by the Indian law. [5]

Question 6

- (a) How do the manufacturers and traders *exploit the* consumers? [5]
- (b) Explain the role of *an entrepreneur* in the *economic development* of the country. [5]

Question 7

- (a) How is a commercial bank *different* from a central bank? [5]
- (b) What are *the merits* of an indirect tax? [5]

Question 8

- (a) With the *help of a graph explain relatively inelastic demand* for a commodity. [5]
- (b) Discuss *any five* advantages of having a bank account. [5]

Question 9

- (a) Explain *any five* characteristics of tax. [5]
- (b) (i) What is meant by the term *demand pull inflation*? [5]
- (ii) Discuss *any three causes* of demand pull inflation.

Question 10

- (a) (i) Define the term *demand*. [5]
- (ii) Explain *any three* factors that affect the demand for a commodity.
- (iii) Why are articles of distinction or the Veblen effect an exception to the law of demand?
- (b) Discuss *any five* reasons for growth of public expenditure in India. [5]