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# 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.*

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*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 [ ].*

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

- (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]