

**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) Land is one of the most important factors of production. In this context mention *two* ways in which the efficiency of land can be enhanced. [2]
- (b) Give *two* limitations of division of labour. [2]
- (c) Distinguish between *Real capital* and *Money capital*. Which of the two has greater significance on economic growth? [2]
- (d) Define mobility of labour. Give *two* reasons as to why mobility of labour has increased in recent times. [2]
- (e) What is meant by *plan holiday*? [2]

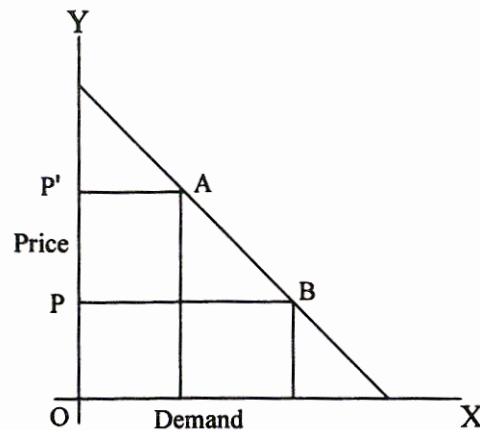
Question 2

- (a) Explain the functions of the Central Bank as a banker to the Government. [2]
- (b) Name *two* sources of external debt for India. [2]
- (c) The Income Tax slab rates are given below. Explain the types of taxation represented in slab 3 and slab 4.

1. Upto Rs.1,00,000	= No tax	
2. Rs.1,00,001 to Rs.1,50,000	= 10%	
3. Rs. 1,50,001 to Rs.2,50,000	= 20%	
4. Above Rs.2,50,000	= 30%	[2]



- (d) The diagram shows the demand for shoes.

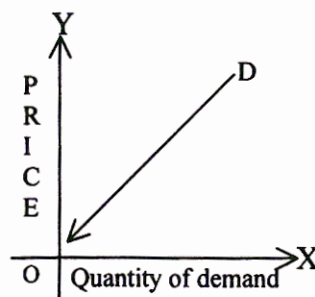


Which of the following would cause a movement from B to A?

- (i) An increase in income
 - (ii) An increase in population
 - (iii) An increase in price of shoes.
 - (iv) An increase in production. [2]
- (e) Briefly explain any *two* determinants of supply. [2]

Question 3

- (a) Explain the following diagram with reference to the concept of Giffen's goods.



- [2]
- (b) Give *two* causes of *cost push* inflation. [2]
 - (c) State *two* ways by which a deflationary situation can be controlled by qualitative methods of credit control. [2]
 - (d) Give *two* arguments in favour of adopting planning in India. [2]
 - (e) Define the term *supply*. How is it different from *stock*? [2]

Question 4

- (a) When was the First Five Year plan launched? Mention one of its objectives. [2]
- (b) How are taxes used to regulate consumption and production? [2]
- (c) Which disadvantage of the barter system is overcome by the function of money as a medium of exchange? [2]
- (d) Using suitable examples classify capital into 'fixed and circulating capital'. [2]
- (e) For the following list of goods state whether the demand is elastic or inelastic. Give reasons for your answer:
 - (i) Bicycles
 - (ii) Matchboxes
 - (iii) Rice in West Bengal
 - (iv) Rolex watches. [2]

SECTION B (40 Marks)

Attempt any four questions from this Section

Question 5

- (a) Explain the different types of *price elasticity of demand* with the help of diagrams. [5]
- (b) What is meant by *cross demand*? Explain any *four* factors which determine demand in the market. [5]

Question 6

- (a) Distinguish between increase in supply and extension in supply. Explain with the help of diagrams. [5]
- (b) Discuss *five* important qualities of an entrepreneur. [5]

Question 7

- (a) Explain *five* differences between a *direct tax* and an *indirect tax*. [5]
- (b) Explain the following measures adopted by the Central Bank to control inflation:
 - (i) Bank rate
 - (ii) Open market operations. [5]

**Question 8**

- (a) Account for the consistent increase in public expenditure in India. [5]
- (b) Explain the process of capital formation. [5]

Question 9

- (a) Explain *two* circumstances each which prompted the Government to announce nationalization of banks in 1969, and privatization of banks after 1991. [5]
- (b) Briefly explain *three* achievements and *two* failures of the Tenth Five Year plan. [5]

Question 10

- (a) Clearly explain *five* objectives of economic planning in India. [5]
- (b) Give *three* differences between *fiscal* and *monetary* policy. [5]