ECONOMICS

Maximum Marks: 80

Time allowed: Two hours

1. *Answers to this Paper must be written on the paper provided separately.*
2. *You will* ***not*** *be allowed to write during the first* ***15*** *minutes.*
3. *This time is to be spent in reading the question paper.*
4. ***The time given at the head of this Paper is the time allowed for writing the answers.***

5. *Attempt* ***all*** *questions from* ***Section A*** *and* ***any four*** *questions from* ***Section B.***
6. *The intended marks for questions or parts of questions are given in brackets [ ].*

Instruction for the Supervising Examiner

Kindly read aloud the Instructions given above to all the candidates present in the Examination Hall.

This Paper consists of 11 printed pages and 1 blank page.

SECTION A (40 Marks)

*(Attempt **all** questions from this **Section**.)*

Question 1 [16]

Choose the correct answers to the questions from the given options.

(Do not copy the question, write the correct answers only.)

(i) When ABC Electronics implemented division of labour, the workers became more productive. This happened due to ___________.

(a) Rotation

(b) Motivation

(c) Mechanisation

(d) Specialisation

(ii) What will be the elasticity of demand for the given commodity as shown in the picture?

(a) Elastic

(b) Unit elastic

(c) Inelastic

(d) Perfectly elastic

(iii) When *income increases,* the demand for ___________ type of goods will increase.

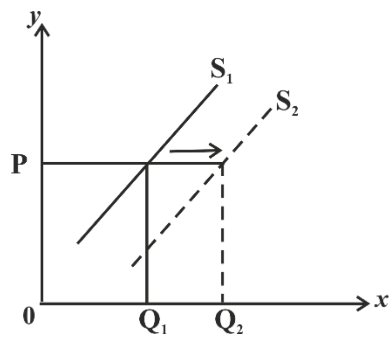
(a) Inferior

(b) Giffen

(c) Normal

(d) Inexpensive necessities

(iv) The following supply curve shifts from S_1 to S_2. It may be due to ___________.



(a) increase in tax

(b) upgradation of technology

(c) rise in the price of inputs

(d) decrease in the number of producers

(v) **Statement 1:** Income tax, GST, and Custom Duties are examples of Tax Revenue.

Statement 2: Escheat and Forfeitures are also a part of Tax Revenue.

(a) Both Statements 1 and 2 are true.

(b) Both Statements 1 and 2 are false.

(c) Statement 1 is true, and Statement 2 is false.

(d) Statement 1 is false, and Statement 2 is true.

(vi) Mr. Raju grows wheat and needs shoes, whereas Mr. Tony who makes shoes, wants rice. So, they are unable to trade with each other.
Which drawback of barter system is illustrated in this situation?

(a) Lack of Double Coincidence of Wants

(b) Lack of Divisibility

(c) Lack of Common Measure of Value

(d) Problem of Storing Wealth

(vii) Suman is a trained nurse who offers services to a hospital. Once her duty hours end, *she cannot carry forward* her unused services to the next day because:

(a) labour is mobile.

(b) labour is perishable.

(c) labour is not homogeneous.

(d) labour can be separated from the labourer.

(viii) **Assertion (A):** Commercial Banks accept various types of deposits to meet the needs of different customers.

Reason (R): Fixed deposits allow customers to deposit money for a specific period and earn high interest, while current deposits do not help in earning interest but help in frequent transactions for businessmen.

(a) (A) is true and (R) is false.

(b) (A) is false and (R) is true.

(c) Both (A) and (R) are true and (R) is the correct explanation of (A).

(d) Both (A) and (R) are true but (R) is not the correct explanation of (A).

(ix) If iPhone and Samsung Galaxy are considered as *substitute goods*, then which of the following pairs is considered as *complementary goods*?

(a) Coke and Lime Soda

(b) Toothbrush and Toothpaste

(c) Petrol cars and Electric cars

(d) LPG and CNG

(x) Goods like *fruits* and *vegetables* are best described as examples of which type of market form?

(a) Perfect competition

(b) Monopoly

(c) Oligopoly

(d) Monopolistic competition

(xi) Study the relationship in the *first pair* of words and complete the *second pair*:

Right to be Informed : Information about products

Right to Seek Redressal : ___________

(a) Choices of goods available in the market

(b) Awareness about environmental impact

(c) Protection against hoarding

(d) Fair compensation for defective goods and services

(xii) During the time of inflation, the Central Bank will _________ in order to stabilise the economy.

(a) buy Government Securities

(b) decrease the Cash Reserve Ratio

(c) sell Government Securities

(d) decrease Statutory Liquidity Ratio

(xiii) In case of *cash credit*, interest is charged to the *borrower* on the amount actually withdrawn from the loan account.

(a) True

(b) False

(xiv) Which of the following is **NOT** a cause of Cost Push Inflation?

(a) Administered prices

(b) Rise in population

(c) Fluctuation in output and supply

(d) Enhanced taxation

(xv) The Government of India *borrows* a large sum of money from international financial institutions to *build highways* and *modernise railway infrastructure*. This situation is an example of:

(a) debt used for productive purpose.

(b) internal debt.

(c) public revenue.

(d) net debt.

(xvi) In which form of market do both *buyers* and *sellers* have *accurate* and *complete information* about market conditions?

(a) Oligopoly

(b) Monopolistic competition

(c) Monopoly

(d) Perfect competition

Question 2

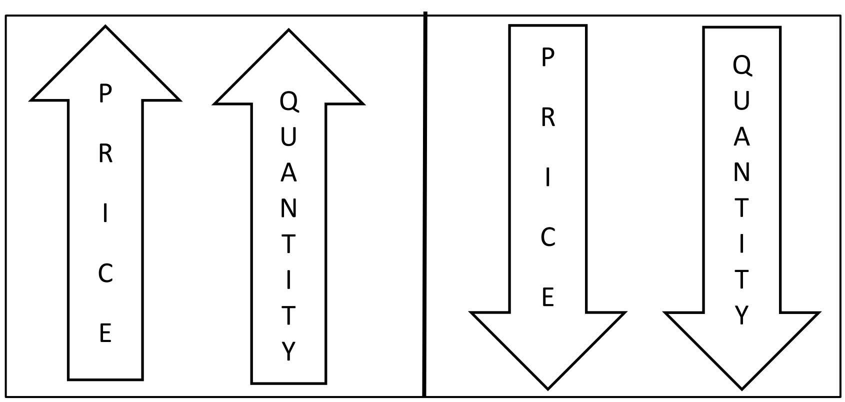
(i) Define the concept of *consumer exploitation*. [2]

(ii) *"Risk bearing is the backbone of entrepreneurship."*

Justify the statement. [2]

(iii) What is meant by the *'Margin Requirement on secured loans'*? [2]

(iv) Which ***concept*** is depicted in the given image and ***explain*** the concept? [2]



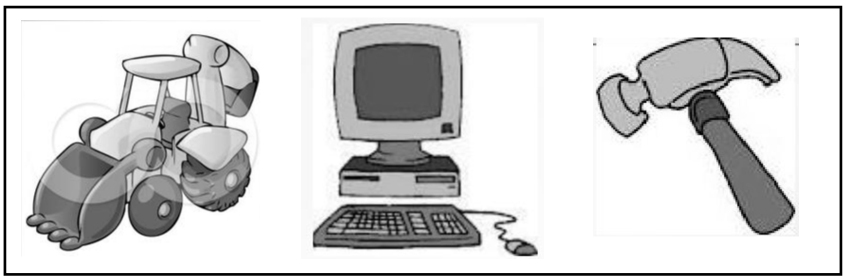
Question 3

(i) Explain the meaning of *Hyperinflation*. [2]

(ii) Outline *two primary reasons* why economists consider the supply of *land* to be fixed. [2]

(iii) Define the term *Regressive Tax.* [2]

(iv) Observe the image and ***identify*** the type of capital it represents. Briefly ***explain*** your answer. [2]



Question 4

(i) State *one* point of difference between *funded debt* and *unfunded debt.* [2]

(ii) *The elasticity of demand tends to be higher in the long run than in the short run.* [2]

(a) Do you agree with the statement?

(b) Justify your answer with a reason.

(iii) Ravi deposits ₹ 50,000 in his *savings account* in a commercial bank. The bank uses a part of this money to *give loan* to another customer. This process is repeated with other depositors and borrowers. [2]

(a) Identify whether Ravi's deposit is *primary* or *derivative*.

(b) Give a reason for your choice.

(iv) How is the *Veblen Effect* an exception to the law of demand? [2]

SECTION B (40 Marks)

*(Attempt **any four** questions from this Section.)*

Question 5

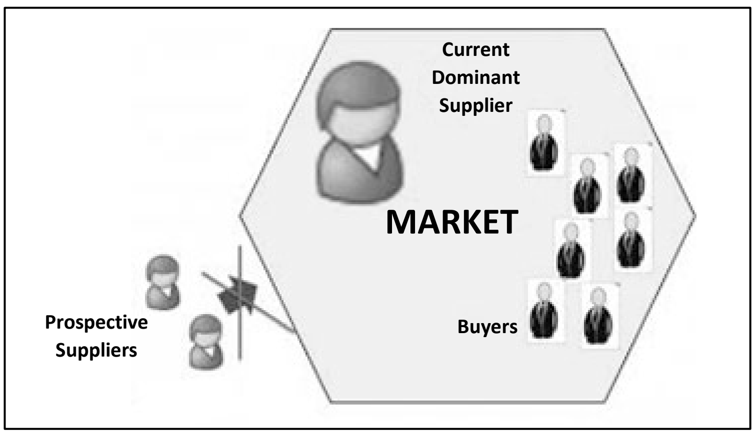
(i) *'Land is one of the most important factors of production.'* [5]

In this context, explain the factors that affect the productivity of land.

(ii) *State any five* differences between Commercial Bank and Central Bank. [5]

Question 6

(i) Analyse the image of the market given below: [5]



(a) Identify the *type of market* referred to in the given image.

(b) Explain *any three* characteristics of the identified market.

(ii) *State* and ***explain*** any five characteristics of Capital. [5]

Question 7

(i) (a) Define *barter system* of exchange. [5]

(b) List the last *three* stages in the *evolution* of money.

(ii) With the help of a graph, explain the contraction of demand. [5]

Question 8

(i) (a) What is *Public Expenditure*? [5]

(b) *State* and ***explain*** any three merits of direct tax.

(ii) How are consumers *exploited* by retailers? [5]

Question 9

(i) (a) Define the term *demand*. [5]

(b) Complete the following market demand schedule.

Price of tomato (₹ per kg)	Demand by Consumer A (kg per month)	Demand by Consumer B (kg per month)	Demand by Consumer C (kg per month)	Market demand (kg per month)
10	2	6	8	I. ________
8	4	II. ________	9	20
6	8	9	III. ________	27

(ii) With reference to *elasticity of supply*, **name** and **draw** a neatly labelled diagram to show: [5]

(a) Es < 1

(b) Es = 1

Question 10

(i) (a) Define *Public Debt*. [5]

(b) Explain *any three* causes of growth of Public Expenditure.

(ii) Read the extract and answer the questions that follow: [5]

As the economy experiences rapid growth, consumers' disposable incomes rise, and they become more willing to spend on goods and services. This leads to upward pressure on prices, particularly in sectors where supply is limited.

(a) ***Identify*** the type of inflation described in the above extract.

(b) Briefly ***explain*** the nature of the inflation mentioned in (a).

(c) *State* and ***explain*** any three causes of the type of inflation discussed above.