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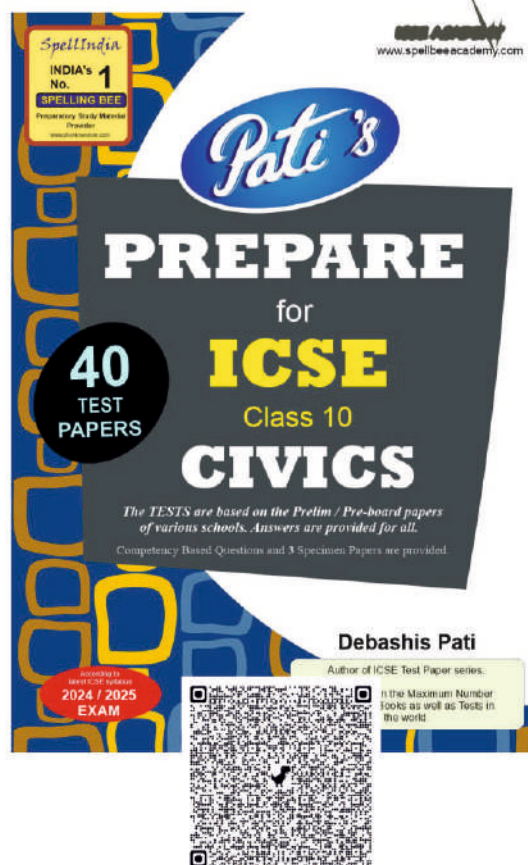
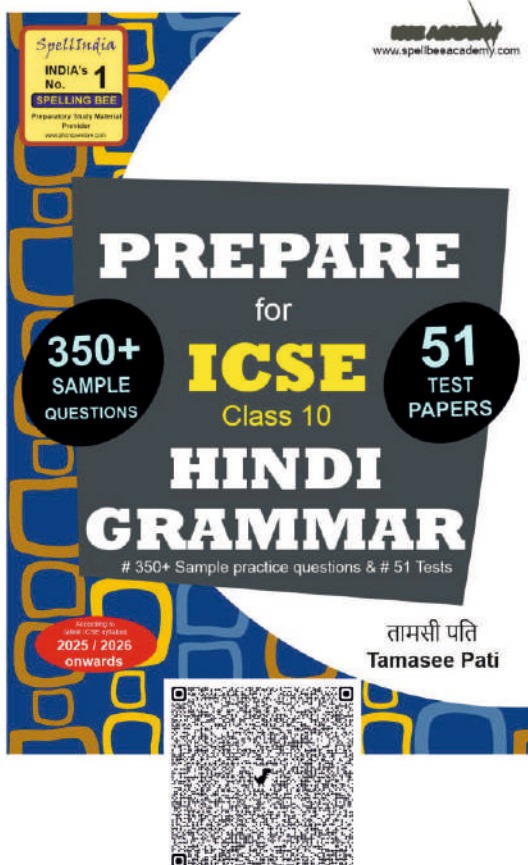
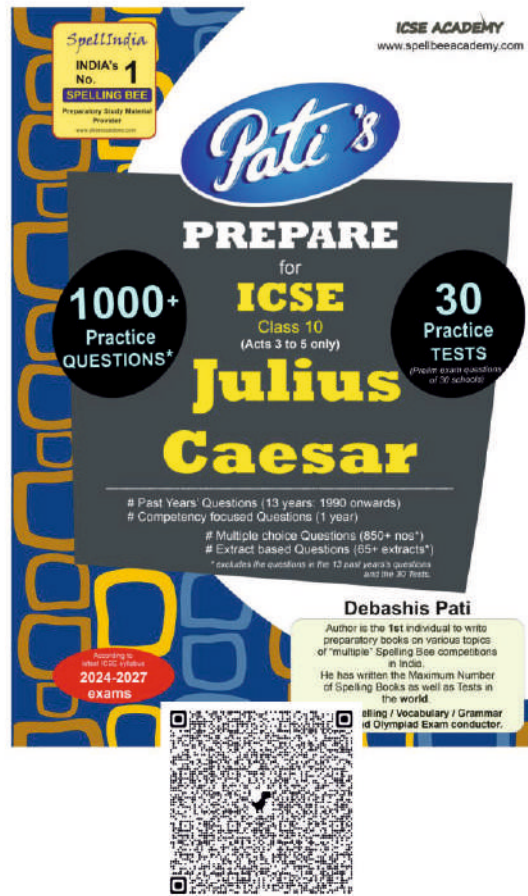
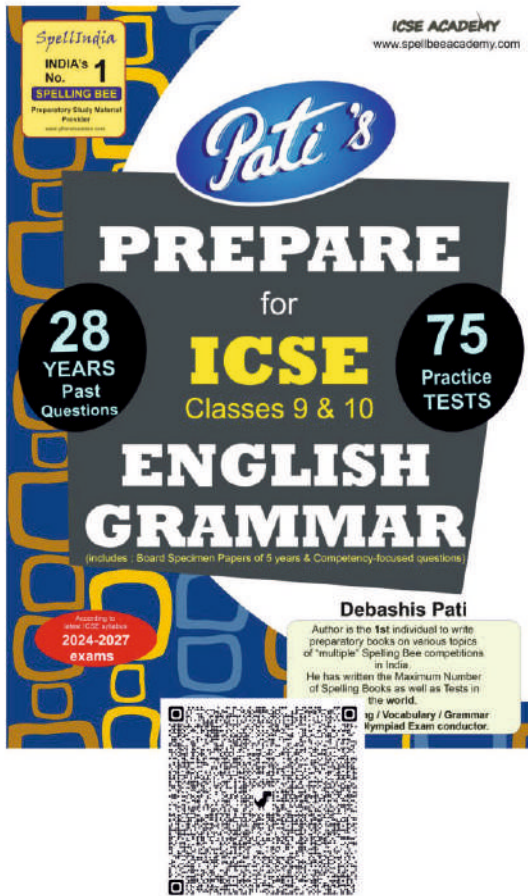
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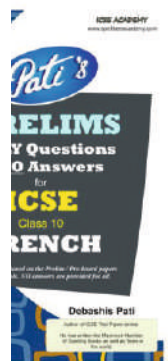
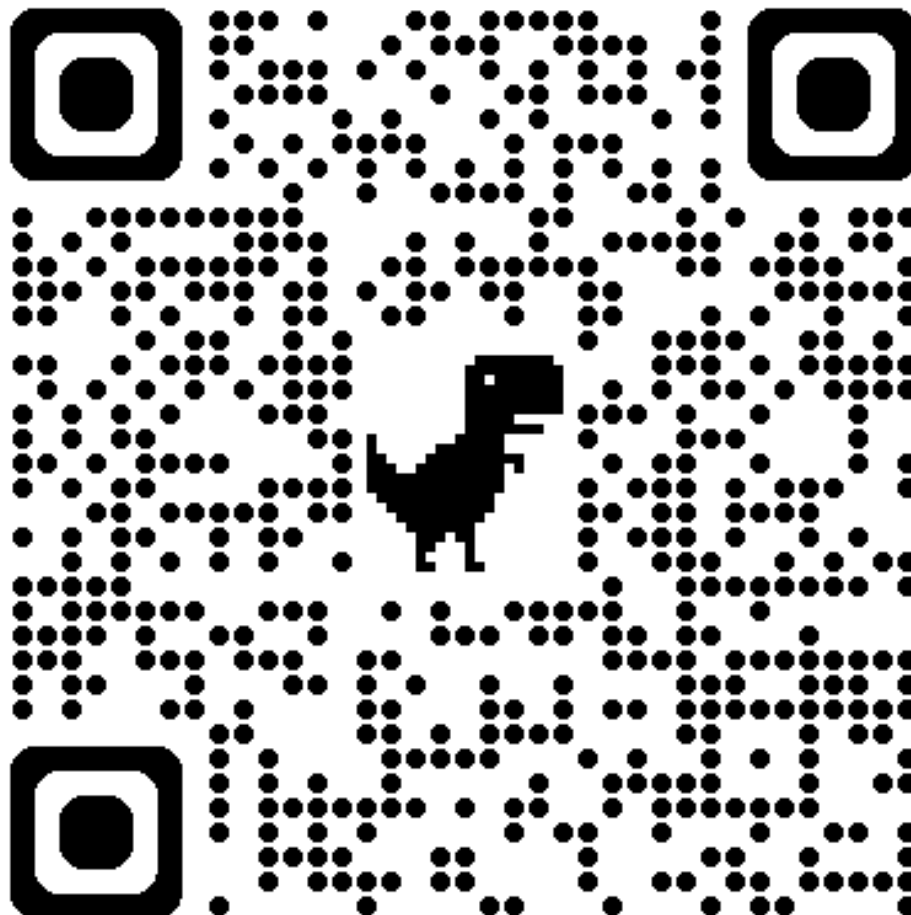
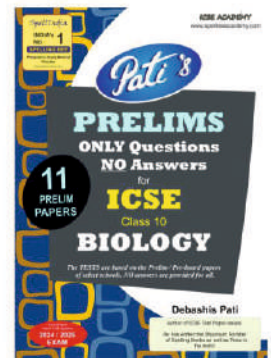
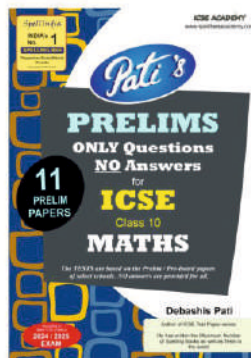
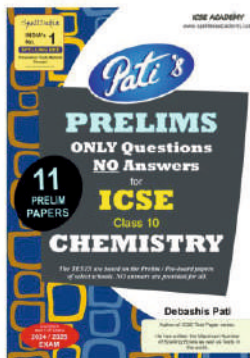
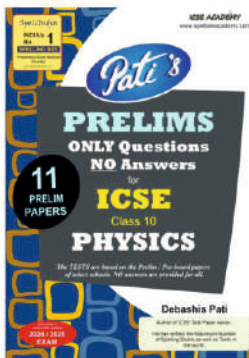
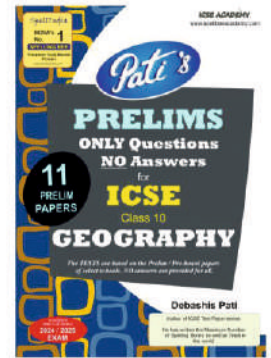
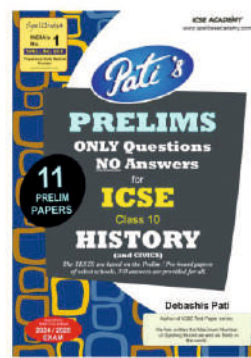
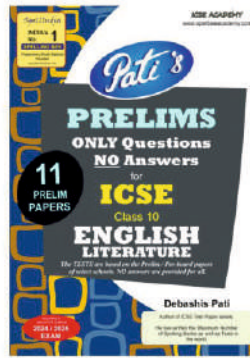
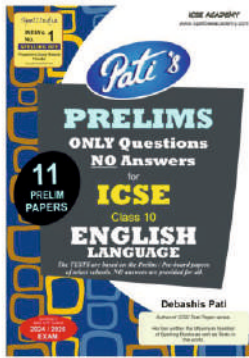
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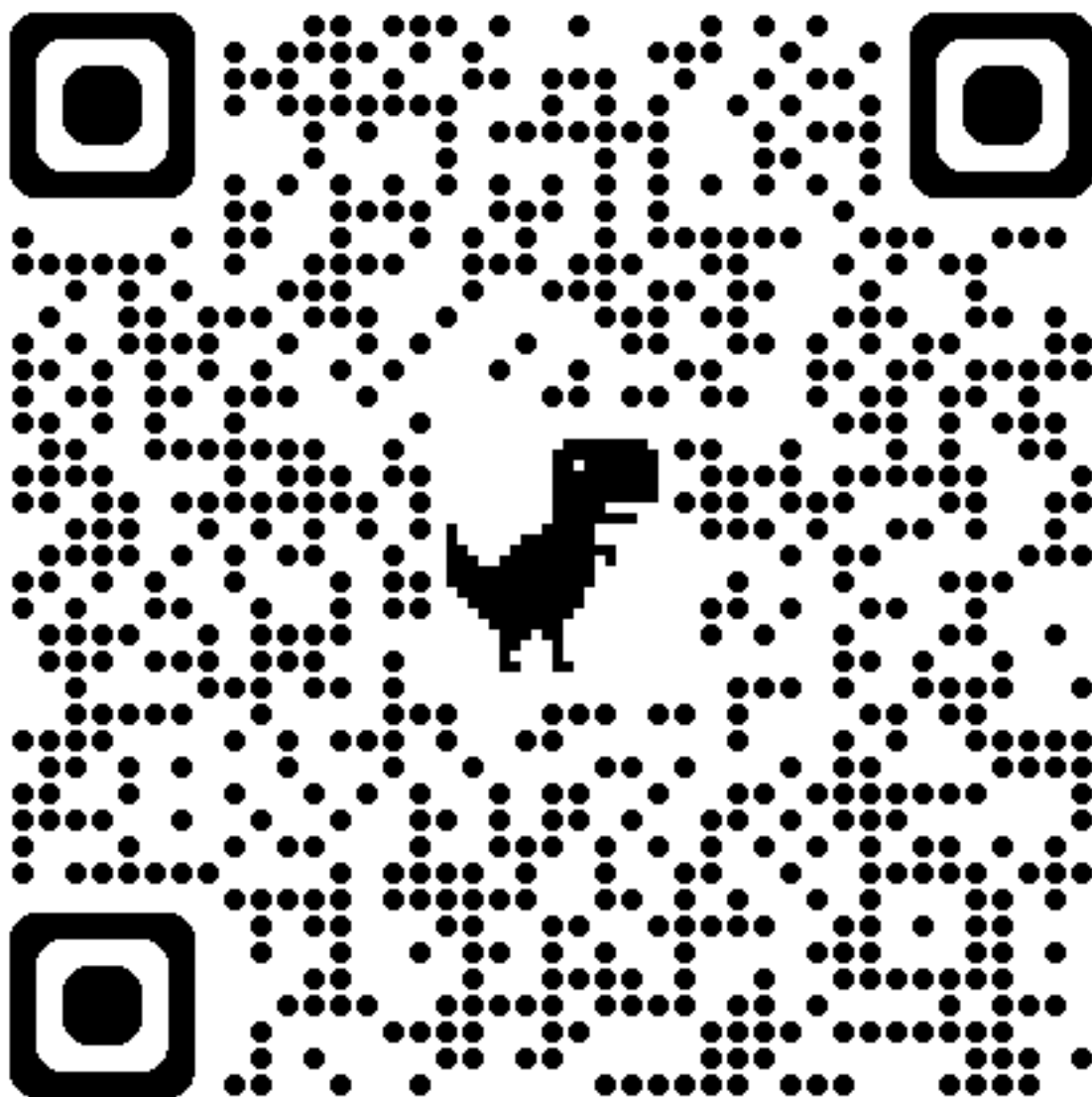


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2023 - 2026

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ECONOMIC APPLICATIONS

Maximum Marks : 100

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

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This paper consists of 12 printed pages.

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Turn Over

SECTION A (40 Marks)

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

Question 1

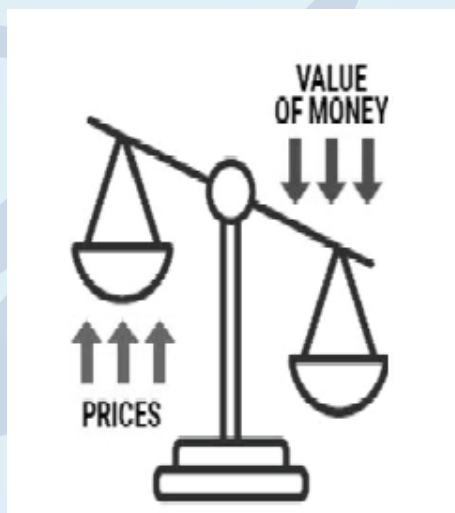
[20]

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

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

- (i) Quality, Quantity and Time are factors for measuring:
- (a) Efficiency of labour
 - (b) Incapability of labour
 - (c) Immobility of labour
 - (d) Inefficiency of labour
- (ii) **Assertion (A):** Diamonds are elastic in nature.
Reason (R): It is a luxury item of consumption.
- (a) (A) is true but (R) is false.
 - (b) (A) is false but (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).
- (iii) If the price of a commodity falls by 10%, and consequently the quantity supplied decreases by 20%, then the elasticity of supply is:
- (a) 1
 - (b) 2
 - (c) 3
 - (d) 4

- (iv) If the price of commodity P decreases when compared to the price of commodity C, then the demand for commodity C:
- (a) will be high
 - (b) will increase
 - (c) will remain the same
 - (d) will decrease
- (v) Identify the fiscal policy adopted by the government in the given condition below:



- (a) Increase in Tax Rate
- (b) Increase in Repo Rate
- (c) Increase in Government Expenditure
- (d) Decrease in CRR

(vi) Match the following:

1	Higher standard of living	P	Increase in labour productivity
2	Removal of income inequality	Q	Higher per-capita income
3	Capital formation	R	Impose higher income on the rich people
4	Creation of healthy working conditions	S	Growth in items of factories, roads, machinery etc.

(a) 1-R, 2-S, 3-Q, 4-P

(b) 1-P, 2-Q, 3-R, 4-S

(c) 1-R, 2-Q, 3-S, 4-P

(d) 1-Q, 2-R, 3-S, 4-P

(vii) Identify the tax structure given below:

Income	Rate of Tax (%)
4000	20
6000	19
8000	18
10000	17

(a) Proportional Tax

(b) Progressive Tax

(c) Regressive Tax

(d) Degressive Tax

- (viii) 'Money allows people to borrow and lend.'

State the function of money stated above.

- (a) Medium of exchange
 - (b) Standard of deferred payment
 - (c) Store of value
 - (d) Measure of value
- (ix) The degree of responsiveness of quantity supplied to a change in price is _____.
- (a) Elasticity of Demand
 - (b) Consumer Equilibrium
 - (c) Elasticity of Supply
 - (d) Market Demand
- (x) Observe the image given below and identify the type of capital.

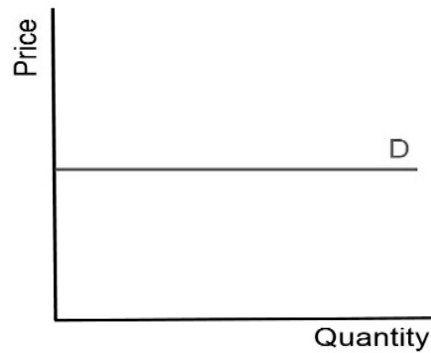


- (a) Debt Capital
- (b) Sunk Capital
- (c) Circulating Capital
- (d) Fixed Capital

- (xi) **Assertion (A):** Direct Taxes cannot be shifted from one person to another.
Reason (R): The burden of Direct Tax falls on the same person who pays it.
- (a) (A) is true but (R) is false.
 - (b) (A) is false but (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).
- (xii) If an increase in the price of butter increases the demand of margarine, these two are:
- (a) Complementary goods
 - (b) Substitute goods
 - (c) Normal goods
 - (d) Inferior goods
- (xiii) Which of the following is an exception to the functions of an entrepreneur?
- (a) Decision making
 - (b) Budgeting
 - (c) Coordinating
 - (d) Banking
- (xiv) Which of the following is **NOT** a function of a commercial bank?
- (a) Providing subsidy
 - (b) Providing cheque facility
 - (c) Providing ATM facility
 - (d) Providing long term loans

- (xv) Which type of good experiences a rise in demand when its price increases?
- (a) Normal good
 - (b) Inferior good
 - (c) Giffen good
 - (d) Luxury good
- (xvi) The reward of Labour is _____.
- (a) Rent
 - (b) Wage
 - (c) Interest
 - (d) Profit
- (xvii) In which of these production processes is division of labour **NOT** possible?
- (a) Manufacturing textiles
 - (b) Automobile production
 - (c) Production of steel
 - (d) Painting a picture
- (xviii) The Public sector refers to enterprises owned and controlled by:
- (a) Private individuals
 - (b) Government
 - (c) Foreign companies
 - (d) NGOs

- (xix) Observe the graphical representation and identify the degree of elasticity of demand.



- (a) $e_s = \infty$
 (b) $e_s > 1$
 (c) $e_s < 1$
 (d) $e_s = 1$
- (xx) A favourable climate for farming leads to:
- (a) Fall in supply
 (b) Rise in supply
 (c) No change in supply
 (d) Fall in demand

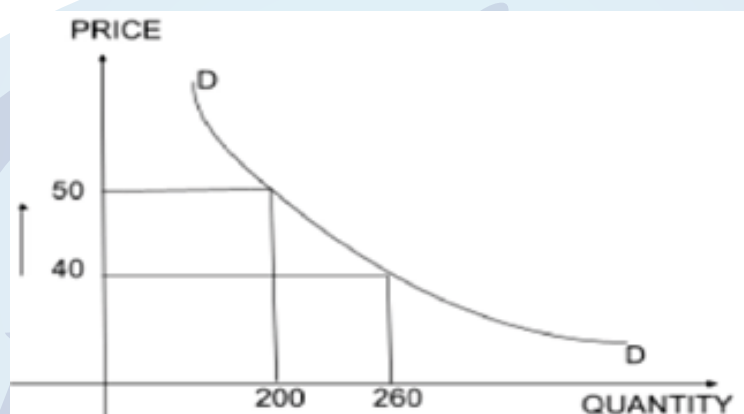
Question 2

- (i) 'Capital is a passive factor of Production.' Elaborate. [2]
- (ii) The demand for electricity remains almost unchanged even when its price rises. [2]
 Explain.

- (iii) Mention *two* points of difference between *Fixed Deposit* and *Recurring Deposit*. [2]
- (iv) What is meant by a *normal good*? [2]
- (v) Why do producers gain in the short run during inflation? [2]

Question 3

- (i) State *any two* similarities between *monopolistic market* and *perfectly competitive market*. [2]
- (ii) Calculate the price elasticity of demand from the curve given below. [2]



- (iii) Mention *any two* advantages of division of labour. [2]
- (iv) 'Mining activities have negative impact on the ecosystem.' Give *two* reasons to justify the statement. [2]

- (v) Observe the given image and answer the questions that follow. [2]



- (a) Identify the type of capital shown in the above image.
(b) State *any one* characteristic of the type of capital identified above.

SECTION B (60 Marks)

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

Question 4

- (i) (a) Explain the concept of *tax*. [7]
(b) What is *degressive taxation*? Explain using a diagram.
- (ii) The government compares *two* markets: [8]
- Market A:** Tomatoes sold by thousands of farmers where each product is identical.
- Market B:** Water services are operated only by the National Water Supply Corporation (NWSC).
- (a) Identify Market A and Market B.
(b) State *three* features of the above identified markets.

Question 5

- (i) (a) What is *cash credit*? [7]
- (b) How does *loan* differ from *overdraft* facilities?
- (c) Discuss *any two* agency functions performed by Commercial Banks.
- (ii) Observe the picture below and answer the following questions. [8]



- (a) What does the rising arrow in the image indicate?
- (b) How does it affect wage earners, debtors, and creditors?

Question 6

- (i) (a) Prepare a hypothetical individual supply schedule and draw a graph based on the schedule. [7]
- (b) Explain *any two* characteristics of Land.
- (ii) Differentiate between *Extension of Demand* and *Increase in Demand*. [8]

Question 7

- (i) (a) Mention the *two* types of risks the entrepreneur bears. [7]
- (b) Differentiate between *labour* and *entrepreneur*.
- (c) Explain *any three* problems of Public Sector Units.

- (ii) 'Deforestation or desertification is the felling of trees in an area'. [8]
Explain *any four* causes of deforestation.

Question 8

- (i) (a) Explain *labour* in economics. [7]
(b) Explain *any three* disadvantages of division of labour.
- (ii) Elaborate *any four* factors affecting capital formation. [8]

Question 9

- (i) Read the extract given below and answer the questions that follow: [7]

The Economic Times- August 12, 2025

India's banking sector has undergone a massive transformation, driven by UPI and the establishment of Digital Banking Units (DBU) to faster financial inclusion. While this digital shift enhanced access, it also introduced risks, including increased unsecured lending and cybersecurity challenges related to digital fraud.

- (a) Define *money*.
- (b) State *three* reasons why people deposit their money with banks.
- (c) Mention *any one* risk of digital banking.
- (ii) (a) How does *Bandwagon Effect* violate the law of demand? Elaborate with an example. [8]
- (b) Explain how *Bank Rate* and *CRR* help in controlling the flow of credit in the economy.

ECONOMIC APPLICATIONS

Maximum Marks: 100

Time allowed: Two hours

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SECTION A (40 Marks)

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

Question 1

[20]

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

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

- (i) The type of profit earned by a perfectly competitive firm in the *long run* is called:
- (a) Real profit
 - (b) Normal profit
 - (c) Super-normal profit
 - (d) Abnormal profit
- (ii) **Assertion (A):** In case of substitute goods, demand for a commodity falls with the fall in price of the substitute commodity.
- Reason (R):** In case of complementary goods, demand for a commodity rises with a fall in the price of complementary commodity.
- (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).
- (iii) The price of a commodity falls from ₹ 8 to ₹ 6. The quantity supplied falls from 100 units to 80 units. The *price elasticity* of supply is:
- (a) 0.0008
 - (b) 8.0
 - (c) 0.8
 - (d) 00.008

- (iv) Circulating capital is used once in production, whereas _____ capital can be used again and again.
- (a) fixed
 - (b) floating
 - (c) debt
 - (d) sunk
- (v) If the price of the commodity decreases from ₹ 70 per unit to ₹ 60 per unit, and the quantity demanded remains the same, then the *price elasticity of demand* for that commodity will be:
- (a) infinite
 - (b) zero
 - (c) one
 - (d) less than one
- (vi)



The above image can be identified as _____ goods.

- (a) substitute
- (b) inferior
- (c) normal
- (d) complementary

(vii) Match the following:

1.	Expansion of supply	P.	Rightward shift of supply curve.
2.	Increase in supply	Q.	Upward movement along a supply curve.
3.	Decrease in supply	R.	Downward movement along a supply curve.
4.	Contraction in supply	S.	Leftward shift of supply curve.

(a) 1-P, 2-Q, 3-S, 4-R

(b) 1-Q, 2-R, 3-P, 4-S

(c) 1-Q, 2-P, 3-S, 4-R

(d) 1-R, 2-S, 3-P, 4-Q

(viii) 24-carat gold is an example of a _____.

(a) Perfectly competitive market

(b) Monopolistically competitive market

(c) Monopoly market

(d) Monopsony market

(ix) An impact of urbanisation on the environment is:

(a) growth of hygienic slums.

(b) lack of proper drainage facilities.

(c) high growth of natural habitat.

(d) less industrialisation.

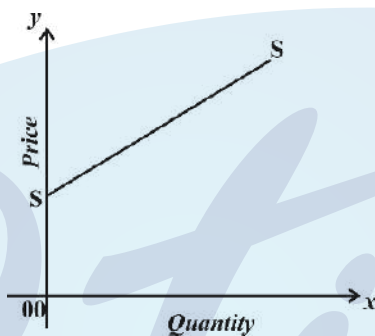
- (x) Identify the type of capital good from the given image:



- (a) Sunk Capital
(b) Fixed Capital
(c) Money Capital
(d) Circulating Capital
- (xi) In which of these production processes is division of labour **NOT** possible?
- (a) Manufacturing textiles
(b) Automobile production
(c) Production of Steel
(d) Painting a picture
- (xii) Identify the tax which is most likely to create *civic consciousness*.
- (a) Income tax
(b) Goods and Services tax
(c) Entertainment tax
(d) Customs duty

- (xiii) Capital goods which can be used in various lines of production is _____.
- (a) Debt capital
 - (b) Social capital
 - (c) Floating capital
 - (d) Real capital
- (xiv) Mrs. Lal, an entrepreneur, appoints managers and supervisors to look after the day-to-day functioning of her company. Which *function* is she performing?
- (a) Innovation
 - (b) Delegation
 - (c) Planning
 - (d) Risk bearing
- (xv) Which section of the society *is adversely* affected by inflation?
- (a) Wage earners
 - (b) Producers
 - (c) High Income Group
 - (d) Fixed Income Group
- (xvi) **Assertion (A):** Stationery owned and used by a student is not a capital.
Reason (R): A student does not perform any economic activity with the stationery.
- (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).

- (xvii) When money is used to *settle debts* or *make payments in the future*, it is said to perform the function of:
- Standard of deferred payment
 - Measure of value
 - Store of value
 - Medium of exchange
- (xviii) Identify the degree of elasticity from the curve given below.



- $e_s < 1$
 - $e_s > 1$
 - $e_s = 1$
 - $e_s = \alpha$
- (xix) A policy under which the government uses its expenditure and revenue programmes to produce a desirable effect on the national income, production and employment is _____.
- Monetary Policy
 - Wage Policy
 - Fiscal Policy
 - Price Policy

- (xx) Which of the following can cause a *rightward shift* of the supply curve for vegetables?
- (a) Increase in the price of vegetables
 - (b) Decrease in the price of vegetables
 - (c) Increase in the wages of farm labourers
 - (d) Increase in the subsidy given by the government

Question 2

- (i) '*Capital is the result of Past labour.*' Justify. [2]
- (ii) '*The Government introduces subsidies for solar panel producers to promote renewable energy.*' Give a graphical representation of the impact on a supply curve. [2]
- (iii) Mention a way by which direct tax can reduce income inequality. [2]
- (iv) State the role of the public sector in creating a strong industrial base. [2]
- (v) What is *hyperinflation*? [2]

Question 3

- (i) State two *similarities* between *monopolistic competition* and *monopoly competition*. [2]
- (ii) '*A worker in a factory is experiencing fatigue and lack of motivation due to repetitive tasks.*' [2]
Explain the disadvantage of *division of labour* stated above.

- (iii) Calculate *price elasticity of supply* on the basis of the following data: [2]

Price (₹)	Quantity (kg)
10	200
15	225

- (iv) State a *difference* between *Inferior goods* and *Giffen goods*. [2]
- (v) Explain *form utility* with an example. [2]

SECTION B (60 Marks)
(Answer **any four** questions from this **Section**.)

Question 4

- (i) [7]

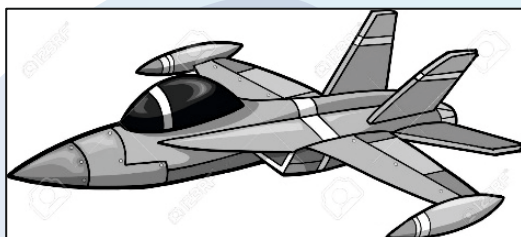


Image 1



Image 2

- (a) Identify the *two* types of market forms depicted above in Image 1 and Image 2.
- (b) State *any one* difference between the identified forms of markets.
- (c) Explain *three* features of the market form identified by you in Image 2.
- (ii) (a) What is *perfectly elastic supply*? [8]
- (b) Explain how the following factors determine the price elasticity of supply:
1. Time horizon
 2. Cost of production
 3. Production technology

Question 5

(i)



[7]

- (a) Identify and explain the concept shown in the above image.
- (b) What is *land*?
- (c) *Land has alternative uses*. Explain.

(ii)

'The principal function of any Commercial Bank is to accept deposits from different individuals and institutions.' On the basis of this statement, answer the following:

[8]

- (a) What is a *savings bank account*?
- (b) Compare the rate of interest of *fixed deposit* and *savings bank account*.
- (c) Give *any two* advantages of depositing money with *Commercial Banks*.

Question 6

(i)

- (a) What is *Privatisation*?
- (b) Elaborate the following arguments in favour of privatisation:
 - 1. Greater flexibility in decision making
 - 2. Creation of competitive environment
 - 3. Greater investment, employment and income opportunities

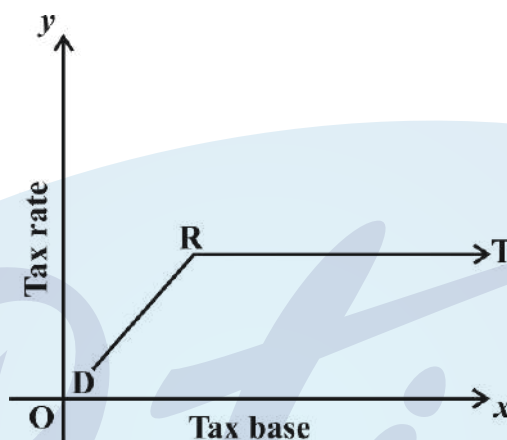
[7]

(ii) Explain the following functions of money: [8]

- (a) Measure of value
- (b) Maximisation of profit

Question 7

(i) [7]



- (a) Which type of tax is indicated in the above graph? Explain.
- (b) Give *any two* differences between *regressive tax* and the type of tax mentioned by you in (a) above.

(ii) (a) Explain *Open Market Operations (OMO)*. [8]

- (b) Describe *any one* quantitative method of credit control.

Question 8

(i) (a) Why is labour *perishable*? [7]

- (b) 'The efficiency of workers in India is observed to be lower than that in the economically advanced countries of the world.'

Explain *any three* causes of low level of efficiency of workers in India.

- (ii) (a) Distinguish between *expansion* of demand and *increase* in demand on the basis of meaning, schedule and graph. [8]
- (b) State the *law of demand*.

Question 9

- (i) Read the extract given below and answer the questions that follow: [7]

India's retail inflation hit a six-year low, but state-wise data reveals significant variations. Ten states and union territories, including Kerala, Punjab and Jammu and Kashmir, experienced inflation rates exceeding the national average of 2.7% in the first quarter. Food, fuel, and personal care costs were key drivers, with differing state-level weights contributing to the upward bias.

— Anoushkha Sawhney, ET, July 17, 2025

- (a) What is *inflation*?
- (b) Explain *any two* favourable impacts of *mild inflation* on the economy of a country.
- (c) What are the *key drivers* of inflation according to the above extract?
- (ii) (a) Explain *one* important function of the Reserve Bank of India. [8]
- (b) State a difference between *Loan* and *Overdraft*.
- (c) Mention *any two* agency functions of Commercial Bank.

ECONOMIC APPLICATIONS

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SECTION A (40 Marks)

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

Question 1

[20]

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

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

- (i) **Assertion (A):** The demand for commodities like salt, matches etc. is highly elastic.

Reason (R): The demand for commodities like salt, matches etc. is highly inelastic because the consumer spends a very small amount of expenditure in relation to his/her income.

- (a) (A) is true but (R) is false.
(b) A is false but (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).
- (ii) The elasticity of demand on a rectangular hyperbola demand curve is _____.
- (a) relatively elastic
(b) relatively inelastic
(c) unitary elastic
(d) perfectly inelastic

(iii) If an increase in output by the firms in an industry causes only a slight increase or decrease in cost per unit, supply will be:

- (a) Perfectly elastic
- (b) Relatively elastic
- (c) Perfectly inelastic
- (d) Relatively inelastic

(iv) Choose the correct term for the given definition:

Shifting of people from villages and small towns to larger cities for better living conditions.

- (a) Industrialisation
- (b) Shifting Cultivation
- (c) Migration
- (d) Capital formation

(v) Identify the type of division of labour in the industry shown in the image below.



- (a) Simple
- (b) Complex
- (c) Compound
- (d) Complex and compound

(vi) Steel as a capital good can be used in various lines of production. Steel is a _____.

- (a) Fixed Capital
- (b) Circulating Capital
- (c) Floating Capital
- (d) Sunk Capital

(vii) Match the following:

1.	Higher standard of living	P.	Increase in labour productivity
2.	Removal of income inequality	Q.	Higher per capita income
3.	Capital formation	R.	Impose higher income tax on the rich people
4.	Creation of healthy working conditions	S.	Growth in terms of factories, roads, machinery etc.

- (a) 1-P, 2-Q, 3-R, 4-S
- (b) 1-S, 2-R, 3-Q, 4-P
- (c) 1-R, 2-Q, 3-S, 4-P
- (d) 1-Q, 2-R, 3-S, 4-P

(viii) If the price of a commodity falls by 10%, its demand decreases by 25%. The elasticity of demand would be:

- (a) 1.5
- (b) -2.5
- (c) 0.25
- (d) 0.15

- (ix) The image given below shows which function of an entrepreneur?



- (a) Innovation
- (b) Decision making
- (c) Risk bearing
- (d) Delegation of functions
- (x) Health conscious people prefer the usage of honey over sugar in the management of diseases. How are honey and sugar related?
- (a) Complementary goods
- (b) Substitute goods
- (c) Unrelated goods
- (d) Joint goods
- (xi) **Assertion (A):** Income tax is a direct tax.
- Reason (R):** Goods and Service Tax (GST) is an indirect tax.
- (a) (A) is true but (R) is false.
- (b) (A) is false but (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).

- (xii) Which of the following is an exception to the law of demand?
- (a) Veblen Effect
 - (b) Taste and preferences
 - (c) Change in numbers of consumers
 - (d) Price of related goods
- (xiii) **Assertion(A):** Transfer of ownership and management of Public Sector Undertakings to the private sector is privatisation.
- Reason(R):** There is no sale of share of Public Sector Undertaking.
- (a) (A) is true but (R) is false.
 - (b) (A) is false but (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).
- (xiv) There are train and bus services between New Delhi and Lucknow. If the bus fare between the two cities comes down, how will it affect the demand curve for train travel between the two cities?
- (a) Demand curve will shift leftward for train travel
 - (b) Demand curve will shift rightward for train travel
 - (c) Demand curve will move upward for train travel
 - (d) Demand curve will move downward for train travel
- (xv) Which of the following is not an example of public sector enterprises?
- (a) BHEL
 - (b) Reliance Industries
 - (c) Hindustan Steel Limited
 - (d) ONGC

- (xvi) Identify from the given options, the market which has a large number of buyers and sellers, selling homogeneous goods:
- (a) Monopsony
 - (b) Monopoly
 - (c) Perfect Competition
 - (d) Monopolistic Competition
- (xvii) Observe the relationship of the first pair of words and complete the second pair.
During inflation, Producers gain; During inflation, _____ lose.
- (a) Wage earners
 - (b) Farmers
 - (c) Debtors
 - (d) Traders
- (xviii) If the quantity demanded of commodity **X** decreases as the household's income increases, what type of good is **X**?
- (a) Normal good
 - (b) Complementary good
 - (c) Substitute good
 - (d) Inferior good
- (xix) Identify the odd one out:
- (a) Accepting deposit
 - (b) Lender of last resort
 - (c) Publicity
 - (d) Moral Suasion

(xx) The monetary policy of a country mainly relates to:

- (a) stable foreign relations
- (b) the volume of money supply
- (c) generation of unemployment in the country
- (d) greater tax collections for the government

Question 2

- (i) When the price of a commodity falls by 80%, the quantity demanded increases by 100%. Calculate the price elasticity of demand of the commodity. [2]
- (ii) State *two* factors affecting productivity of land. [2]
- (iii) If the government of India levies excise duty on wheat, in which direction will the supply curve of wheat shift? Explain with the help of a diagram. [2]
- (iv) 12,000 varieties of rice are grown in West Bengal. Identify the form of market and mention *one* feature of this market form. [2]
- (v) Prepare a hypothetical individual supply schedule. [2]

Question 3

- (i) State *any two* differences between *land* and *capital*. [2]
- (ii) Explain how banks can advance loans through cash credit. [2]
- (iii) What is *division of labour*? [2]
- (iv) State *any two* demerits of direct taxes. [2]
- (v) Mention *any two* adverse impacts of industrialisation on the ecosystem. [2]

SECTION B (60 Marks)

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

Question 4

- (i) (a) What is meant by *Capital*? [7]
- (b) Explain the following features of Capital:
1. Capital is the produced means of production.
 2. Capital is a passive factor.
 3. Capital is the result of past savings.
- (ii) (a) State the *Law of Demand*. [8]
- (b) Complete the following market demand schedule and give graphical representation of the same.

Market Demand Schedule of Firm A and B

Price per unit (₹)	Quantity demanded (kgs) by		Market Demand (kgs)
	Firm A	Firm B	
25	16	15	?
30	12	11	?
35	10	9	?
40	8	6	?

- (c) State *one* point of difference between *want* and *demand*.

Question 5

- (i) (a) What is meant by *Elasticity of Demand*? [7]
- (b) Explain graphically the following:
1. Relatively Elastic Demand
 2. Relatively Inelastic Demand
 3. Perfectly Elastic Demand

(ii)



[8]

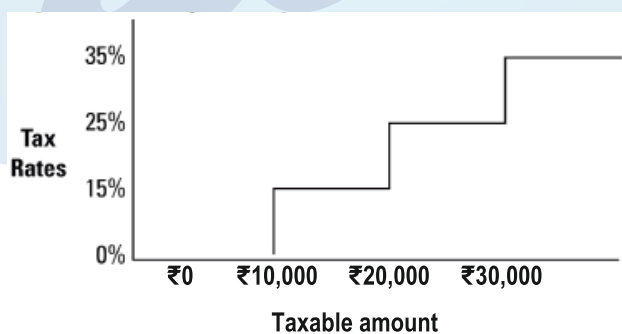
- (a) Identify and explain the form of market as observed from the above image.
- (b) State *any three* differences between the above concept and monopolistically competitive market.

Question 6

- (i) What is meant by *Public Sector Enterprises*? Explain *any three* problems of public sector for it to be privatised. [7]
- (ii) Distinguish between *Expansion of supply* and *Increase in supply*. [8]

Question 7

- (i) [7]



- (a) Which type of tax is indicated in the above graph?
- (b) With the help of *any three* points distinguish between *Proportional tax* and the above type of tax.

- (ii) Read the extract and answer the questions that follow: [8]

India's workforce is nearly 56.5 crore, with more than 45% employed in agriculture, 11.4% in manufacturing, 28.9% in services and 13% in construction. About 94% of Indian labour is involved in the unorganised sector comprising semi-skilled and unskilled workers ranging from push cart vendors to home based diamond and gem polishing operators. The organised sector includes workers employed in the public and private sectors.

— Economic Survey 2023-24

- (a) With *one* example of each, state *two* important classifications of labour.
- (b) What is meant by *labour*?
- (c) Explain *any two* characteristics of labour.

Question 8

- (i)
 - (a) What is meant by *Money*? [7]
 - (b) How does money act as:
 1. Measure of Value
 2. Standard of Deferred Payment
 3. Distribution of National Income
- (ii)
 - (a) Explain *Ecosystem*. [8]
 - (b) Identify the industrial practice and explain *three* adverse effects of it on the ecosystem.



Question 9

- (i) Read the extract carefully and answer the questions that follow: [7]

The Prime Lending Rate (PLR) refers to that interest rate charged by the commercial banks while giving loans to the borrower having high credit worthiness. So, the PLR can be considered as the minimum lending rate. This was introduced for the commercial banks of India in 1994. Since, April 2001 the PLR has been converted to a benchmark rate for commercial banks. Generally the commercial banks charge interest rates either equal to or above the PLR while giving loans. The average PLR of the commercial banks was 12.05% on 10th December 2020 and has been revised as 15.15% per annum with effect from 15th June 2024.

— Economic survey, Government of India.

- (a) What are *Fixed Deposits*?
- (b) What is a *Commercial Bank*?
- (c) Explain clearly the following methods adopted by Commercial Banks to advance loans to the public:
1. Loans
 2. Overdrafts
- (ii) (a) Explain *Quantitative Method of Credit Control*. [8]
- (b) Explain the following quantitative methods of credit control:
1. Cash Reserve Ratio
 2. Bank Rate
 3. Statutory Liquidity Ratio

ECONOMIC APPLICATIONS

Maximum Marks: 100

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 15 printed pages and 1 blank page.

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Turn Over

SECTION A (40 Marks)

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

Question 1

[20]

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

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

- (i) **Assertion (A):** Festivals have a major economic impact on local and regional economies by increasing business activity specially in areas such as retail, tourism and entertainment.

Reason (R): Festivals stimulate increased consumer spending in sectors like retail, hospitality and transportation, thereby boosting local business and creating job opportunities.

- (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 and (R) is not the correct explanation of (A).
- (ii) An inferior good for which demand falls with a fall in price is called:
- (a) Normal good
 - (b) Giffen good
 - (c) Complementary good
 - (d) Substitute good

- (iii) If price of x increases, the demand for y too increases. How are x and y related?
- (a) as complementary goods
 - (b) as inferior goods
 - (c) as substitute goods
 - (d) as unrelated goods
- (iv) Observe the image given below and identify the Division of labour:



- (a) Horizontal Division of labour
- (b) Simple Division of labour
- (c) Vertical Division of labour
- (d) Partial Division of labour

(v) The phenomenon of increasing share of urban population to the total population of a country is known as:

- (a) Migration
- (b) Urbanisation
- (c) Industrialisation
- (d) Civilisation

(vi) Match the following:

1.	Prices offered by the fashion industry depend on the services provided for their uniqueness.	P.	Perfectly Competitive Market
2.	Central Government is the sole buyer of defense equipment.	Q.	Monopoly Market
3.	Concession in Railway Tickets for senior citizens as compared to normal passengers.	R.	Monopolistically Competitive Market
4.	The sellers have to quote the market price which usually remains uniform.	S.	Monopsony Market

- (a) 1-S, 2-Q, 3-P, 4-R
- (b) 1-Q, 2-R, 3-S, 4-P
- (c) 1-R, 2-P, 3-Q, 4-S
- (d) 1-R, 2-S, 3-Q, 4-P

- (vii) Contribution of _____ capital towards the increase in national output of any country is important.
- (a) Money
 - (b) Real
 - (c) Fixed
 - (d) Sunk
- (viii) As a result of a 5% increase in price, the demand for commodity X increases by 12%. The price elasticity of demand (e_d) for the commodity will be:
- (a) $e_d < 1$
 - (b) $e_d > 1$
 - (c) $e_d = 1$
 - (d) $e_d = \infty$
- (ix) Name the function of an entrepreneur as shown in the picture given below.



- (a) Innovation
- (b) Planning
- (c) Delegation
- (d) Risk bearing

- (x) Due to cyclonic effect in an area, the sea level covers a number of rice fields in that area. This reduces productivity of land. How will this affect the supply curve of rice of that region?
- (a) Downward movement along the supply curve
 - (b) Supply curve shifts to the leftward side
 - (c) Upward movement along the supply curve
 - (d) Supply curve shifts to the rightward side
- (xi) **Assertion (A):** Indirect taxes can be made progressive.
Reason (R): More excise duty imposed on producing luxury items and exempting taxes on necessary items.
- (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 and (R) is not the correct explanation of (A).
- (xii) Which of the following is an impact of a decrease in Cash Reserve Ratio on loanable funds?
- (a) Loanable funds will increase
 - (b) Loanable funds will decrease
 - (c) Loanable funds remain unchanged
 - (d) Banks will impose restrictions on loans

- (xiii) Which of the following is **not** a private sector enterprise?
- (a) Tata Industrial Group
 - (b) Steel Authority of India
 - (c) Hindustan Unilever
 - (d) Bharti Airtel
- (xiv) **Assertion (A):** The policy of converting public ownership of an asset to private ownership is Privatisation.
- Reason (R):** There is no sale of shares of Public Sector Undertaking.
- (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 and (R) is not the correct explanation of (A).
- (xv) Mr. Krishnan purchases 1 litre of milk per day when it is priced at ₹35 per litre. On arrival of his guests, he purchases 8 litres of milk. Choose the correct impact on demand:
- (a) Increase in demand
 - (b) Increase in quantity demanded
 - (c) Decrease in demand
 - (d) Decrease in quantity demanded

- (xvi) Selling costs are absent in a monopoly market because:
- (a) there are many sellers.
 - (b) all goods are close substitutes.
 - (c) all goods are differentiated.
 - (d) there is only one seller.
- (xvii) Observe the relationship of the first pair of words and complete the second pair.
2 – 3% per annum is Creeping Inflation, 10 – 20% per annum is _____.
- (a) Walking Inflation
 - (b) Running Inflation
 - (c) Hyper Inflation
 - (d) Galloping Inflation
- (xviii) Any medium of exchange, enforced by law is known as:
- (a) Legal Tender Money
 - (b) Credit Money
 - (c) Fiduciary Money
 - (d) Full bodied Money

(xix) Desire to acquire some goods without the ability to purchase these goods:

- (a) Demand
- (b) Supply
- (c) Want
- (d) Price

(xx) Name an instrument of state intervention.

- (a) Monetary Policy
- (b) Agricultural Policy
- (c) Industrial Policy
- (d) Trade Policy

Question 2

(i) Calculate elasticity of demand on the basis of the following data: [2]

Price (Rs.)	Quantity (kg)
6	10
4	15

(ii) 'Land is heterogeneous in nature.' Explain. [2]

- (iii) Technical advancement leads to cost saving. With the help of a diagram, explain the effect of technical advancement on the supply curve. [2]
- (iv) *'The Indian Railways said that there is no proposal yet to restore concessions offered to certain categories of people in ticket fares after the facility was stopped due to Coronavirus Pandemic.'* [2]

— *Economic Times*, August 06, 2021

- (a) The Indian Railways is an example of which form of market?
- (b) State the feature of market highlighted in the above extract.
- (v) Prepare a hypothetical individual demand schedule. [2]

Question 3

- (i) State *any two* differences between *land* and *labour*. [2]
- (ii) How do commercial banks utilise their surplus fund? [2]
- (iii) What is meant by *Capital Formation*? [2]
- (iv) State *any two* merits of direct taxes. [2]
- (v) Mention *any two* adverse impacts of construction of dwelling units on the ecosystem. [2]

SECTION B (60 Marks)

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

Question 4

- (i) (a) Who is an *entrepreneur*? [7]
- (b) Explain *any three* roles of an entrepreneur as a factor of production in ensuring economic development.
- (ii) (a) State the *Law of Supply*. [8]
- (b) Complete the following market supply schedule and give a graphical representation of the same.

Market Supply Schedule of Firm A and B

Price per unit (₹)	Quantity supplied (kgs) by		Market Supply (kgs)
	Firm A	Firm B	
5	3	5	?
6	6	9	?
7	8	12	?
8	9	14	?

- (c) State *one* point of difference between *stock* and *supply*.

Question 5

- (i) (a) What is *Elasticity of Supply*? [7]
- (b) Explain graphically the following:
1. Relatively Elastic Supply
 2. Unitary Elastic Supply
 3. Perfectly Elastic Supply

(ii)



[8]

- (a) State the concept depicted in the image above. Define the market to which it belongs.
- (b) Explain briefly the concept identified by you in (a) above.

Question 6

- (i) (a) Which of the following is **not** associated with Fiscal policy?

[7]

1. Public revenue
2. Public expenditure
3. Public debt
4. Open market operations

- (b) “Public Sector Units made a commendable contribution to the Indian economy in the early phase of planned development.” In this context explain briefly *any three* contributions of PSUs to the Indian economy.

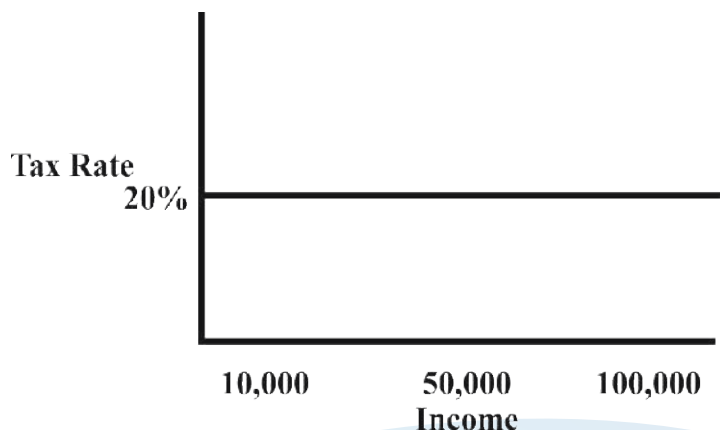
- (ii) Distinguish between *Contraction of Demand* and *Decrease in Demand*.

[8]

Question 7

(i)

[7]



- Which type of tax is indicated in the above graph?
- State *any three* points of distinction between *Progressive Taxation* and *Degressive Taxation*.

(ii)

Read the extract and answer the questions that follow:

[8]

India and Taiwan are reportedly close to finalising a deal for the far eastern country to host as many as one lakh Indian workers. This comes close on the heels of another reported move that Israel is considering bringing in a large number of Indian workers too.

Source: Moneycontrol.com, November 13, 2023

- Which characteristic of labour has been highlighted through the above news report?
- What is meant by *Efficiency of Labour*?
- Explain *any two* advantages of division of labour.

Question 8

- (i) (a) State *any one* difference between *Savings Account* and *Current Account*. [7]
- (b) State how money acts as:
1. Medium of Exchange
 2. Transfer of Value
 3. Maximisation of Utility
- (ii) (a) What is meant by '*land use pattern*'? [8]
- (b) Identify the agricultural practice shown in the image given below. Explain *any three* adverse effects of it on ecosystem.



Question 9

- (i) Read the extract given below and answer the questions: [7]

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— Reserve Bank of India, 2003

- (a) State the type of Credit control method described in the above extract.
- (b) Define *Central Bank*.
- (c) Why is Central Bank referred to as a Banker's Bank?
- (d) State *any one* difference between the *Central Bank* and *Commercial Bank*.
- (ii) (a) What is meant by *Qualitative Method of Credit Control*? [8]
- (b) State *any two* differences between *Quantitative* and *Qualitative Credit Control Policy*.
- (c) Explain the following credit control instruments:
1. Regulation of margin requirements
 2. Credit Rationing

2024
ECONOMIC APPLICATIONS

Maximum Marks: 100

Time allowed: 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

[20]

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

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

- (i) Identify the **agency functions** of the commercial banks from the following:
- (a) Accepting deposits
 - (b) Giving out loans
 - (c) Acting as a trustee of the property of the customers
 - (d) Providing general utility services
- (ii) Which of the following is **not** a characteristic of land?
- (a) Heterogeneous
 - (b) Immobile
 - (c) Carries an element of judgement
 - (d) Fixed supply

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

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Turn Over

- (iii) Production of cotton textile products is an example of:
- (a) Vertical division of labour
 - (b) Horizontal division of labour
 - (c) Occupational division of labour
 - (d) Simple division of labour
- (iv) Which two forms of market earn normal profit in the long run?
- (a) Perfect competition and monopoly
 - (b) Perfect competition and monopsony
 - (c) Monopoly and monopolistic competition
 - (d) Perfect competition and monopolistic competition
- (v) Which of the following is **not** a function of the Central Bank?
- (a) Banker to Commercial Banks
 - (b) Banker to the public
 - (c) Fiscal agent of the Government
 - (d) Monopoly of note issue
- (vi) Identify the market having a single buyer and many sellers from the following:
- (a) Monopoly
 - (b) Monopsony
 - (c) Perfect competition
 - (d) Monopolistic competition
- (vii) The income of a person who carries the risk bearing function is called as:
- (a) Wages
 - (b) Salary
 - (c) Profit
 - (d) Interest

(viii)

Assertion (A): Central Bank provides loans to the commercial bank in the situation of financial distress.

Reasoning (R): Central Bank can order the government to help the bank facing the financial crisis.

- (a) A is true but R is false
- (b) A is false but R is true
- (c) Both A and R are true and R explains A
- (d) Both A and R are true but R does not explain A

(ix) 'Price is an indicator of quality'. The statement applies to:

- (a) Bandwagon effect
- (b) Snob effect
- (c) Veblen effect
- (d) Giffen effect

(x) Which of the following is a contingent function of money?

- (a) Measure of value
- (b) Store of value
- (c) Medium of exchange
- (d) Distribution of National Income

(xi) The continuous rain and lack of fresh supply have affected the availability of tomatoes in India during June –July 2023. What will be the impact on the supply curve for tomatoes?

- (a) Supply curve will shift to the right
- (b) Upward movement along the supply curve
- (c) Supply curve will shift to the left
- (d) Downward movement along the supply curve

(xii) When products are differentiated on the basis of advertisements, brand names etc., it is called as:

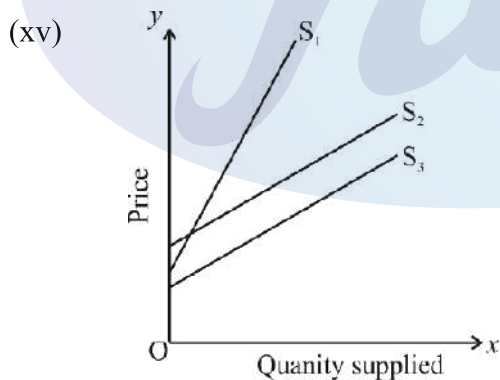
- (a) Real differentiation
- (b) Price differentiation
- (c) Artificial differentiation
- (d) Quality differentiation

(xiii) Identify the merit of direct tax from the following:

- (a) Tax evasion
- (b) Greater cost of collection
- (c) Ensuring equity
- (d) Inconvenient

(xiv) Identify the type of goods having price elasticity of demand greater than 1:

- (a) Luxury goods
- (b) Inferior goods
- (c) Necessary goods
- (d) Giffen goods



Identify the elasticity of supply (e_s) of S_1 , S_2 and S_3 supply curves:

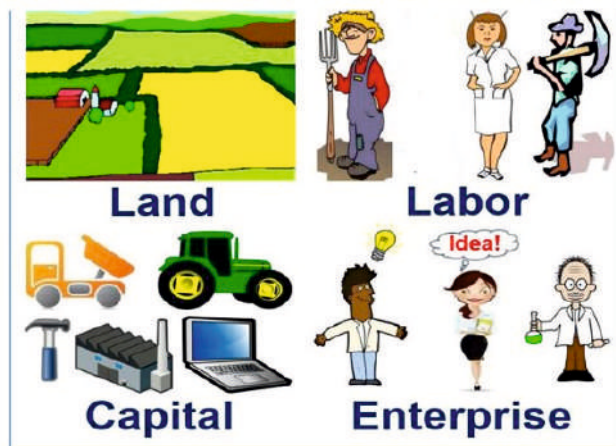
- (a) All have $e_s > 1$
- (b) All have $e_s < 1$
- (c) All have $e_s = 1$
- (d) All have $e_s = 0$

(xvi) During deflation, the Central Bank usually:

- (a) Increases CRR
- (b) Increases SLR
- (c) Increases bank rate
- (d) Increases buying Government Securities

(xvii)

FACTORS OF PRODUCTION



Identify the **produced means of production** factor from the picture:

- (a) Land
- (b) Labour
- (c) Capital
- (d) Entrepreneur

(xviii) Which of the following is the adverse outcome of mining operation?

- (a) Aquatic ecosystem remains intact
- (b) Depleted the stock of natural resources
- (c) Cutting down of forest trees is absent
- (d) Soil quality remains the same



Identify the type of taxation:

- (a) Progressive
 - (b) Regressive
 - (c) Proportional
 - (d) Degressive
- (xx) Non-price competition is:
- (a) Reducing prices
 - (b) Competition based on prices
 - (c) Spending money on advertisement, packaging, branding
 - (d) Sale of unused stock

Question 2

- (i) (a) Give *one* example of a pair of complementary goods. [2]
- (b) What will be the impact of a rise in price on the demand for its complementary good?
- (ii) State the *two* primary functions of money. [2]
- (iii) Explain the features of savings bank account. [2]

[2]



- (a) What type of tax is this?
- (b) When do we pay this tax?
- (v) Indicate the adverse impacts of urbanisation on the ecosystem. [2]

Question 3

- (i) *'One of the most important functions of an entrepreneur is to bear the risk associated with the business.'* Explain the statement. [2]
- (ii) In which type of market price discrimination is practiced? Explain with an example. [2]
- (iii) Explain briefly the role of public sector enterprises in developing the industries with **strategic importance**. [2]
- (iv) *'Both labour and entrepreneur are human factors of production.'* Is there any difference between them? Explain *any two* such differences. [2]
- (v) What will happen to the value of money when price level rises? What is this phenomenon known as? [2]

SECTION B (60 Marks)

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

Question 4

- (i) Explain the importance of land as a factor of production. (*Five points*) [7]
- (ii) Identify the elasticity of supply for the following with proper reasoning: [8]
- Short run and long run period.
 - Perishable and durable goods.
 - Nature of the entrepreneurs.
 - Primitive and advanced technology.

Question 5

- (i) [7]

Price (in `)	Q _A (units)	Q _B (units)	Q _M (market demand) (units)
10	4	5	---
20	3	4	---
30	2	3	---
40	1	2	---

Complete the above schedule and answer the following:

- Identify and state the underlying law.
 - State *four* assumptions of the law.
 - Draw *three* relevant curves based on the above schedule in one diagram.
- (ii)
- What is meant by the *Privatisation* of public sector industries? [8]
 - What do you mean by horizontal division of labour?
 - State *any three* differences between labour and capital.
 - Explain *any three* disadvantages of division of labour.

Question 6

- (i) Identify the factors of production in each of the following cases and differentiate between them. [7]
- (a) An active and passive factor of production. *(One point)*
 - (b) Single-use and multiple use machinery. *(One point)*
 - (c) Human factor of production with and without innovative capacity. *(Two points)*
- (ii) Citing reasons, evaluate the performance of private sector over public sector enterprises in the following cases: [8]
- (a) Timely completion of projects undertaken.
 - (b) Decision taking.
 - (c) Managerial efficiency.
 - (d) Attention towards consumer satisfaction.

Question 7

(i)



[7]

The image above shows a departmental store of a market structure.

- (a) Identify the form of market as observed from the above image.
- (b) Discuss the features of this market form with respect to:
 - 1. Type of product
 - 2. Entry and exit of firms
 - 3. Selling cost

- (ii) Explain the functions of the RBI with respect to the following: [8]
- (a) Custodian of foreign exchange reserves.
 - (b) Monopoly of note issue.
 - (c) Clearing house facility.
 - (d) Banker and fiscal agent to the government.

Question 8

- (i) (a) What do you mean by migration? [7]
- (b) Explain 'migration' as a factor contributing towards adverse impact on the ecosystem. *(Three points)*
- (ii) Explain the following: [8]
- (a) Fiscal policy
 - (b) Monetary policy
 - (c) Degressive taxes
 - (d) Indirect tax can be used to increase social welfare

Question 9

- (i) Read the extract given below and answer the questions that follow:

MONEY CONTROL NEWS

JUNE 12, 2023 / 07:05 PM IST

The Reserve Bank of India (RBI) on June 12 imposed monetary penalties on four cooperative banks citing various rule violations. These are Cooperative Bank of Rajkot, Telangana State Cooperative Apex Bank Ltd, The Bihar State Cooperative Bank Ltd and Jowai Cooperative Urban Bank Ltd.

The RBI's enforcement operations are conducted by the Enforcement Department. The RBI's EFD was set up in April 2017 to separate

enforcement action from the supervisory process. The EFD identifies actionable violations from the inspection reports, risk assessment reports and scrutiny reports. Market intelligence reports, references from the top management and complaints are also used for investigation.

- (a) Which type of credit control method of the RBI has been highlighted in the above case study? [7]
- (b) Citing reasons state the advantage of credit card over currency notes. (Any two)
- (c) Briefly explain the following credit control methods adopted by the Central Bank:
1. Publicity
 2. Moral suasion
- (ii) (a) Define the form of market which has a perfectly elastic demand curve. [8]
- (b) Explain *three* features of this market type.
- (c) How is this market different from a monopoly market? (Any three points)

2023

ECONOMIC APPLICATIONS

Maximum Marks: 100

Time allowed: 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

[20]

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

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

- (i) Supply always refers to a specific desired quantity which a seller is willing to:
- (a) Sell
 - (b) Purchase
 - (c) Store
 - (d) None of the above
- (ii) The demand curve which indicates the inverse relationship between price and demand:
- (a) Slopes upward
 - (b) Slopes downward
 - (c) Remains horizontal
 - (d) Remains vertical

This paper consists of 8 printed pages.

- (iii) When a straight-line supply curve cuts the y-axis, the elasticity of supply will be:
- (a) Elastic
 - (b) Inelastic
 - (c) Unitary elastic
 - (d) Perfectly inelastic
- (iv) Use of high yielding variety of seeds is related to productivity of:
- (a) Entrepreneur
 - (b) Capital
 - (c) Land
 - (d) Labour
- (v) Which factor of production is not a hired factor?
- (a) Land
 - (b) Labour
 - (c) Capital
 - (d) Entrepreneur
- (vi) What will be the effect of raising production subsidies on the supply of a commodity?
- (a) Downward movement along the supply curve.
 - (b) Leftward shift of supply curve.
 - (c) Rightward shift of supply curve.
 - (d) Upward movement along the supply curve.
- (vii) If the percentage increase in the quantity of a commodity is smaller than the percentage fall in its price, the coefficient of price elasticity of demand is:
- (a) greater than 1
 - (b) equal to 1
 - (c) smaller than 1
 - (d) zero

- (viii) Which market supplies homogeneous products?
- (a) Monopoly market
 - (b) Monopsony market
 - (c) Oligopoly market
 - (d) Perfectly competitive market
- (ix) The reward of an entrepreneur is in the nature of:
- (a) contractual income
 - (b) residual income
 - (c) constant income
 - (d) positive income
- (x) The market structure which is characterized by a single producer of a commodity and when there are no close substitutes for that commodity:
- (a) Monopoly market
 - (b) Perfectly competitive market
 - (c) Monopolistically competitive market
 - (d) Monopsony market
- (xi) If tea and coffee are substitutes, then bread and butter are examples of:
- (a) Joint goods
 - (b) Similar goods
 - (c) Complementary goods
 - (d) Homogeneous goods
- (xii) The rate at which commercial banks borrow from the Central Bank is the:
- (a) Bank rate
 - (b) Deposit rate
 - (c) Lending rate
 - (d) None of the above

- (xiii) Monopsony is a market where the:
- (a) seller is a price maker
 - (b) buyer is a price maker
 - (c) buyer is a price taker
 - (d) None of the above
- (xiv) The tax whose rate remains unchanged irrespective of the income of the taxpayer is called as _____.
- (a) Progressive tax
 - (b) Regressive tax
 - (c) Direct tax
 - (d) Proportional tax
- (xv) The function of money which allows a person to pay for a commodity at a future date is called as:
- (a) Unit of account
 - (b) Measure of value
 - (c) Standard of deferred payment
 - (d) Medium of exchange
- (xvi) Which of the following types of capital gets exhausted after its use and gets embodied in the finished product?
- (a) Fixed capital
 - (b) Working capital
 - (c) Social capital
 - (d) Sunk capital
- (xvii) _____ implies an introduction of private ownership in public sector enterprises.
- (a) Disinvestment
 - (b) Globalisation
 - (c) Privatisation
 - (d) Libéralisation

- (xviii) Wealth tax is an example of:
- (a) Direct tax
 - (b) Indirect tax
 - (c) Proportional tax
 - (d) Degressive tax
- (xix) The difference between the value of security and the amount of loan sanctioned against these securities is known as:
- (a) Credit rationing
 - (b) Margin requirement
 - (c) Direct Action
 - (d) Regulation of consumer credit
- (xx) When the percentage change in the quantity supplied of a commodity is exactly equal to the percentage change in its price it is known as:
- (a) Unitary elastic supply
 - (b) Relatively inelastic supply
 - (c) Relatively elastic supply
 - (d) Perfectly inelastic supply

Question 2

- (i) Discuss *any two* features of a monopolistically competitive market. [2]
- (ii) Mention *two* differences between an entrepreneur and other factors of production. [2]
- (iii) Explain the term '*Veblen effect*'. Give an example. [2]
- (iv) Mention *two* problems faced by public sector enterprises in India. [2]
- (v) Define progressive taxation and draw a neat labelled diagram for it. [2]

Question 3

- (i) What do you mean by '*innovative ability*' of an entrepreneur? [2]
- (ii) What effect does increased input price have on the supply of a commodity? [2]
Draw a diagram in support of your answer.
- (iii) What do you mean by price discrimination? Give an example [2]
- (iv) A depositor is allowed to withdraw more money than what is there in his account: [2]
 - (a) What is this facility called?
 - (b) In which type of account is it permitted?
- (v) Explain complex division of labour with the help of an example. [2]

SECTION B (60 Marks)

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

Question 4

- (i) Define capital. Explain *any three* characteristics of capital. [7]
- (ii) Explain the concept of price elasticity of demand. With the help of diagrams, explain the following cases of elasticity: [8]
 - (a) Relatively inelastic demand curve
 - (b) Relatively elastic demand curve
 - (c) Unitary elastic demand curve

Question 5

- (i) (a) What do you understand by the term 'Capital formation'? [7]
 - (b) Explain *any three* factors which affect capital formation.
- (ii) (a) Distinguish between derived demand and composite demand. [8]
 - (b) Distinguish between contraction and decrease in supply.

Question 6

- (i) (a) Distinguish between [7]
1. Monetary and Fiscal policy (*One point*)
 2. Public and Private sector (*Four points*)
- (b) Explain *any two* reasons for privatisation.
- (ii) (a) What is meant by efficiency of labour? [8]
- (b) The Indian labour suffers from low efficiency. Explain your answer with *three* reasons for low efficiency of Indian labour.

Question 7

- (i) (a) What is a direct tax? [7]
- (b) What is meant by impact and incidence of taxation?
- (c) How are direct taxes different from indirect taxes? (*Any three points*)
- (ii) (a) Define qualitative credit control policy of the RBI. [8]
- (b) Central bank is the lender of the last resort. Explain.
- (c) Explain how credit rationing and margin money help to control credit in an economy.

Question 8

- (i) Define money. Explain the following functions of money: [7]
- (a) Medium of exchange
 - (b) Store of value
 - (c) Maximisation of utility.
- (ii) (a) What do you understand by 'changing pattern of land use'? [8]
- (b) Explain *any three* such changes causing destruction to the ecosystem.

Question 9

Read the extract given below and answer the questions that follow:

ET Bureau, Aug 01, 2022

Food prices may not ease this fiscal deficit and can throw India's monetary policy makers a tougher challenge in bringing down inflation and anchoring inflation expectations, Crisil said on Monday.

The recent rise in food inflation is mainly supply shortages-led, driven by both global geopolitical conflicts and impact of local heat waves. Other factors such as rising input costs in agricultural production have played their part too.

The surge in food prices is accompanied by high fuel and core inflation following the Russia Ukraine war, keeping inflation consistently above the Reserve Bank of India's upper target band of 6% for the past few months.

"This has put monetary policy in a quandary and made it imperative for the central bank to look closely at factors pushing up food prices," Crisil said, predicting overall CPI inflation at 6.8% and food inflation at 7% for the current fiscal.

- (i) (a) What is meant by inflation? [7]
- (b) How is creeping inflation different from walking inflation?
- (c) Explain the impact of inflation on:
1. Wage earners and salaried class
 2. The investors
- (ii) (a) What do you mean by division of labour? [8]
- (b) Explain *any two* advantages of division of labour.
- (c) 'Labour as a factor of production differs from other factors of production.'
- In this context explain *any two* features of labour.



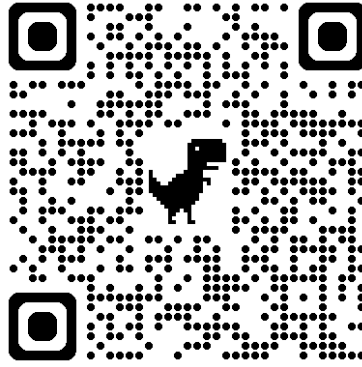
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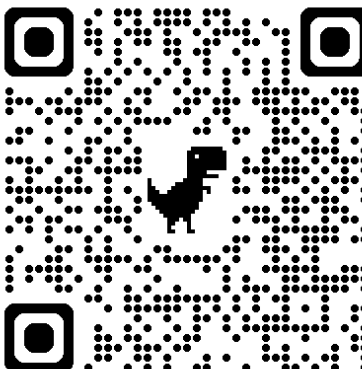
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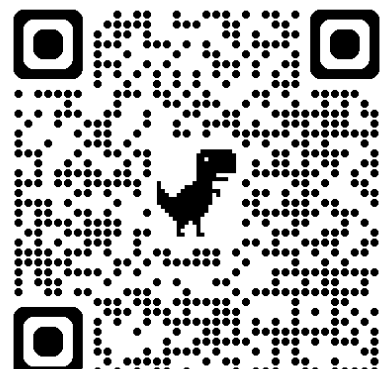
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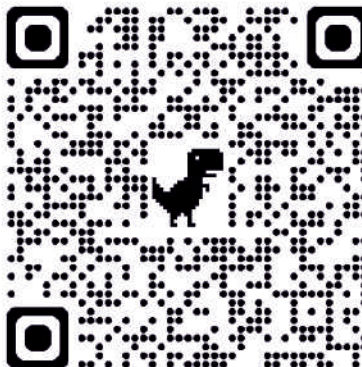
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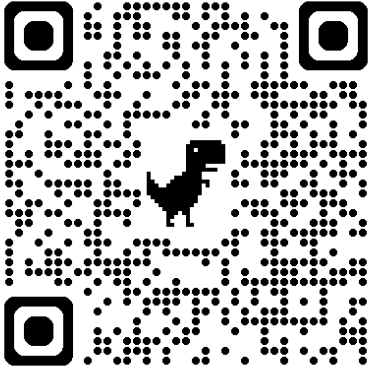




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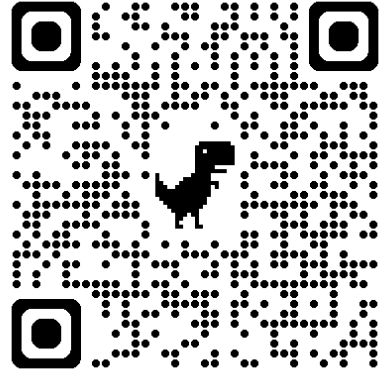
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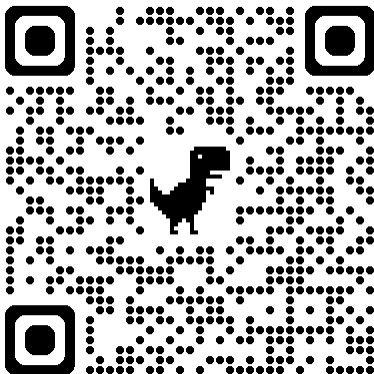
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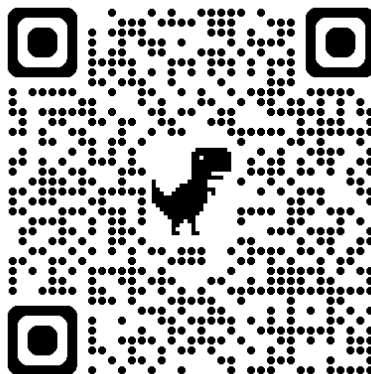
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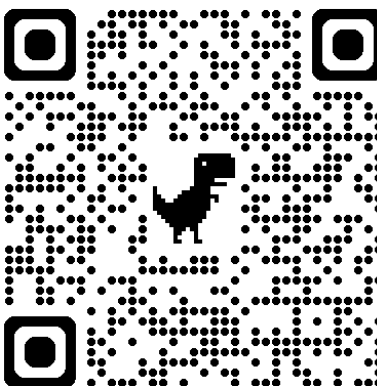
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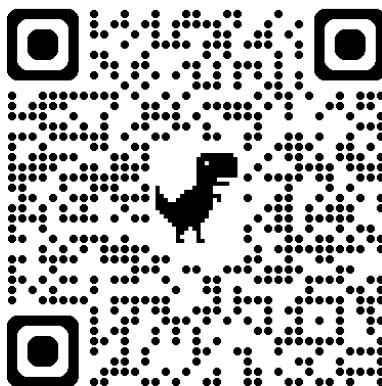
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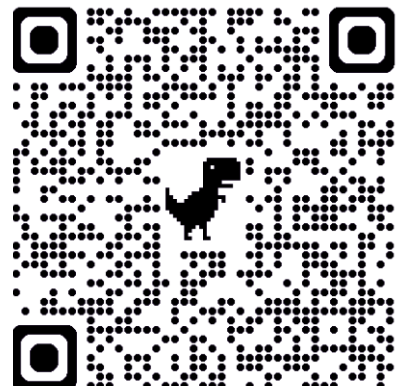
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