

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

Section – A

Question 1.

Choose the correct answer and write the correct option.

- 1) If tea and coffee are substitutes, then an increase in the price of tea will cause:
a) An increase in the price of coffee. b) A decrease in the demand for coffee.
c) An increase in the demand for tea. d) An increase in the demand for coffee.
- 2) Which of the following goods will be considered a suitable example for composite demand?
a) Bricks b) Tea c) Milk d) Biscuits
- 3) Which of the following types of capital can be used only for a specific purpose?
a) Floating capital b) Money capital
c) Debt capital d) Sunk capital
- 4) What will the following cause:

Price (in Rs.)	Quantity supplied (in kgs.)
10	15
20	40

- a) An extension of supply curve. b) A contraction of supply curve.
c) A downward shift of supply curve. d) An upward shift of supply curve.
- 5) Which of the following goods will be considered circulating capital?
a) Computers in the office. b) The factory buildings.
c) The furniture used by the workers. d) Water used in the production process.
- 6) Mobile phones usually have a _____ market.
a) Perfectly competitive b) monopolistically competitive
c) monopoly d) monopony
- 7) When a straight-line supply curve passes through the origin, the elasticity of supply will be:
a) Unitary elastic b) Relatively elastic c) Relatively inelastic d) Perfectly elastic
- 8) Which of these taxes is most likely to be progressive?
a) Entertainment tax b) GST c) Property tax d) Custom duty
- 9) A change in the price of a good:
a) shift the good's supply curve but does not cause a movement along it.
b) does not shift the goods supply curve but causes a movement along it.
c) shifts the goods supply curve and also causes a movement along it.
d) neither shifts the good's supply curve nor causes a movement along it.
- 10) Selling costs are absent in a perfectly competitive market because the goods sold are:
a) Substitutes b) Heterogeneous c) Homogeneous d) Luxuries
- 11) To ensure that the citizens of the country have faith in the currency, the currency is issued by:

- a) Commercial banks
c) Central Bank
- b) Central Government
d) Ministry of Finance
- 12) During inflation, the Central Bank usually:
a) Decrease bank rate.
c) Increases bank rate.
- b) Decreases Cash Reserve Ratio
d) Buys government securities.
- 13) Interest is a factor income for:
a) Land
b) Labour
c) Capital
d) Entrepreneur
- 14) _____tax is also referred to as tax on honesty.
a) Progressive tax
b) Proportional tax
c) Direct tax
d) Indirect tax
- 15) Elasticity of supply is measured by :
a) $\frac{\Delta Q}{P} \times \frac{Q}{\Delta P}$
b) $\frac{\Delta P}{P} \times \frac{Q}{\Delta Q}$
c) $\frac{\Delta P}{\Delta Q} \times \frac{P}{Q}$
d) $\frac{\Delta Q}{Q} \times \frac{P}{\Delta P}$
- 16) The Central bank instructs the commercial banks to keep more percentage of its time and demand deposits as liquid cash before lending money to investors. This is :
a) Increase in Bank Rate
b) Increase in Cash Credit Ratio
c) Increase in Statutory Liquidity Ratio
d) Increase in Standard Liquidity Ratio
- 17) The major objective of monetary policy is :
a) Employment generation
b) Increase in Cash Credit Ratio
c) Increase in Statutory Liquidity Ratio
d) Increase in Standard Liquidity Ratio
- 18) Which of the following factors of production has a unique supply curve ?
a) Land
b) Labour
c) Capital
d) Entrepreneur
- 19) When the price elasticity of demand for a good equals :
a) 0, the demand curve is horizontal
b) 1, the demand curve is vertical
c) 1, the demand curve is horizontal
d) 0, the demand curve is vertical
- 20) When the general price level increases by 10% to 20% per annum, then it will be called:
a) Hyper inflation
b) Running inflation
c) Walking inflation
d) Creeping inflation

Question 2.

- 1) State two advantages of a bank account.
- 2) What do we mean by Hyperinflation?
- 3) List any two causes for the low efficiency of labour in India.
- 4) Entrepreneurship is not labour even though there are human factors associated with the same business. Explain.
- 5) Draw a neat labelled diagram of a demand curve.

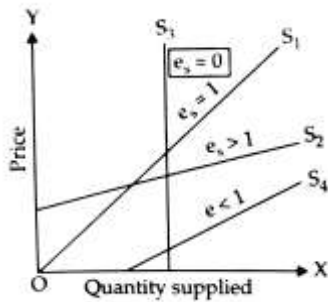
Question 3.

- 1) Demand is inversely related to price. Explain.
- 2) What are progressive taxes? Give an example.
- 3) An increase in the rate of tax with an increase in income is called proportional tax.
- 4) Differentiate between current and savings deposits.
- 5) What is meant by product differentiation ? In which market form is it prevalent ?

Section – B

Question 4.

- 1) Why is labour an important factor of production? Explain the following characteristic of labour.
 - a) Labour cannot be separated from the laborer.
 - b) Labour can improve its efficiency.
 - c) Labour is perishable.
- 2) Identify and define the degree of price elasticity of supply from the diagram for the supply curves S_1 , S_2 , S_3 , S_4 .



Question 5.

- 1)
 - a) What do you understand by a perfectly competitive market?
 - b) Discuss any three important features of such a market.
- 2) Explain four exceptions to the Law of Demand.

Question 6.

- 1) What is privatization? Explain three arguments favoring privatization.
- 2) Explain any four factors affecting productivity of land.

Question 7.

- 1)
 - a) What is tax?
 - b) State two objectives of taxation.
 - c) Explain two ways in which direct tax is better than indirect tax.
- 2)
 - a) What are demand deposits ?
 - b) Explain the different kinds of demand deposits.
 - c) State two ways in which demand deposits are different from term deposits.

Question 8.

- 1) Who controls the credit supply in an economy ? What is this policy called ? Explain how the following can control inflation in an economy :
 - (a) Cash Reserve Ratio
 - (b) Statutory Liquidity Ratio
- 2) What is a Central Bank ? Explain the following functions of a Central Bank :
 - (a) Issuing paper notes
 - (b) Acting as a banker to the Government
 - (c) Lender of the Last resort

Question 9.

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

Though public sector banks (PSBs) accounted for 62 percent of the total complaints received by the Office of the Banking Ombudsman (OBO) with 27 percent of the complaints being made against SBI (State Bank of India) and its associates, complaints against private banks have grown at a faster clip. In all, 35,080 complaints were made against private banks, registering a 30.2 percent year-on-year (y-o-y) during the timeframe. In contrast, complaints against nationalised banks and SBI and its associates grew up by about 28 percent y-o-y and 21.5 percent y-o-y respectively. The increase in complaints against private banks is higher than the overall average as well. The total number of complaints received by the OBO grew 27.3 percent y-o-y to 1,30,987 for 2016–17, data with the Reserve Bank of India (RBI) showed. Interestingly, the share of SBI and its associate banks in total complaints has been decreasing steadily. It declined from 31 percent in 2014–15 to 29 percent in 2015–16 and further to 27 percent in 2016–17. In contrast, the share of private banks increased from 23 percent to 26 percent and 26.5 percent for the comparable time frame. HDFC Bank topped the complaints list among private sector banks. Problems relating to ATM/debit cards and credit cards topped the complaints list for the bank. In all, 9,884 complaints were registered against the bank during 2016–17, which translated to 2.07 per branch. This was followed by ICICI Bank against whom 9,541 complaints were made that worked out to 1.97 per branch. These two banks alone accounted for 59.3 percent of the total complaints recorded against private banks. The second highest number of complaints for most private banks related to problems associated with ATM/debit cards and credit cards. In fact, the share of ATM/debit cards and credit cards in total complaints was higher for private banks. ATM/debit card comprised 12.5 percent of total complaints received while credit card accounted for 6.4 percent of overall complaints. For private banks, the share of ATM/debit card and credit cards in overall complaints stood at 22.75 percent.

- 1) (a) How many complaints have been made against private banks this year?
(b) Which private bank tops the chart of complaints?
(c) What are the problems that public is facing with private banks?
(d) Give four difference between private and public sector banks.
- 2) Describe the factors affecting capital formation in a country.