

Half-yearly Examination - 2016-2017
ECONOMIC APPLICATIONS

Time : 2 Hrs. 15 min

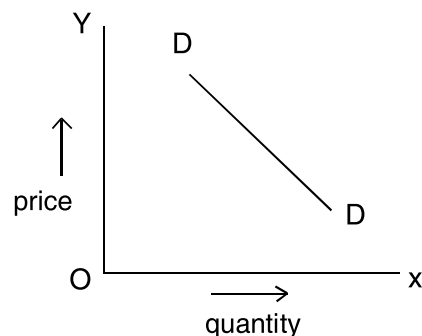
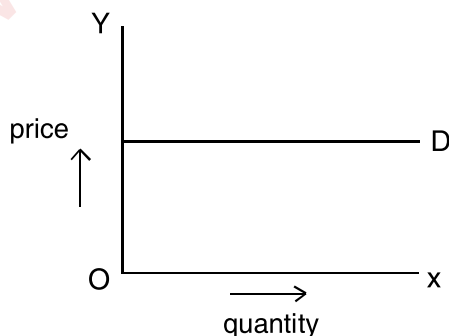
F. M. : 100

Std. : X

SECTION A (4X10 = 40)

(Attempt all the questions from this section)

- QI. a. What is meant by product differentiation? (2)
- b. How does money act as a standard of deferred payment? (2)
- c. State one difference between Monopsony and Monopolistic competition. (2)
- d. State the market form of the following commodity :
- i. Railways ii. Automobiles iii. Shampoos iv. Fighter Aircrafts (2)
- e. State two primary functions of money. (2)
- QII. a. What is Deposit Money? (2)
- b. A moderate dose of inflation is necessary for the development of an economy. Explain. (2)
- c. Explain two agency functions performed by a commercial bank. (2)
- d. What is meant by Oligopoly? (2)
- e. For each of the following state whether it has inelastic or elastic demand. (2)
- i. Onions ii. Designer clothes iii. Washing machines
- iv. Insulin injection for diabetes
- QIII. a. What is demand-pull inflation? (2)
- b. What do you understand by inferior goods? (2)
- c. Write any two features of Monopolistically competitive market. (2)
- d. What does the positive slope of a demand curve indicate? (2)
- e. Producers in a perfect market are price takers. Explain. (2)
- QIV. a. What is the difference between a loan and an overdraft? (2)
- b. Indicate the degree of elasticity of demand in the following demand curves. (2)

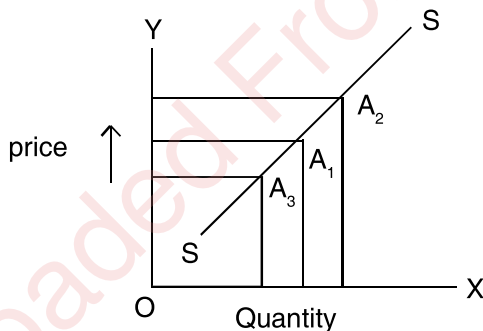


- c. Differentiate between an entrepreneur and labourer on the basis of
 i. Nature of work ii. nature of risk involved (2)
- d. What is price discrimination? To which market is it relevant? (2)
- e. Differentiate between contraction of supply and decrease in supply. (2)

SECTION B (4X15=60)

(Attempt any four questions from this Section)

- QV a. Define a Commercial Bank. Explain three ways by which commercial banks advances loans to the public? (8)
- b. Define market structure. Briefly explain the reasons for the emergence of a monopoly market structure. (7)
- QVI. a. With reference to Central Bank of a country
 i. State two reasons for the need of a Central Bank in a country.
 ii. List two ways in which a Central Bank acts as a Banker to the Government.
 iii. What is meant by Moral Suasion? How does it act as a method to control credit? (8)
- b. Define inflation. Explain the effects of inflation on :
 i. Fixed income earners
 ii. Debtors and Creditors
 iii. Wage earners and salaried class. (7)
- QVII. a. i. Explain the diagram shown : (8)



- ii. Draw a diagram to show elasticity of supply equal to zero and explain it.
- b. Explain with the help of an example the horizontal and vertical division of labour. Mention any three merits of division of labour. (7)
- QVIII. a. With the help of a diagram state whether supply of a good is directly or inversely related to its price. Explain any three factors on which supply of a commodity depends. (8)
- b. Monopolistic competition is a perfect blending of monopoly and perfect competition. Explain. (7)
- QIX. a. Highlight any four importance of Money in an economy. (8)
- b. What is meant by Market in economics? Explain any three factors affecting the market structure. (7)

QX. a. The Economic Times, New Delhi; 7th June 2016

As widely expected, The Reserve Bank of India Governor Raghuram Rajan kept key rates – repo, reverse repo and the cash reserve ratio, unchanged in its second bi-monthly monetary policy review for the year 2016-2017. The Central Bank, once again guided that it remained committed to an accommodative stance despite worries.

- i. What is Cash Reserve Ratio? (2)
 - ii. What is meant by Statutory Liquidity Ratio? (SLR) (1)
 - iii. Distinguish between demand deposit and time deposit. (2)
 - iv. What is meant by repo rate and reverse repo note. (2)
- b. Explain the shortcomings of Barter System of Exchange.