

Mar Thoma Residential School ,Tiruvalla



First Model Examination 2017-18

Std: X

Economic Applications

Time:2hrs

Marks:100

Answer all the questions from Part A and any four questions from Part B:

Question 1.

Explain the following briefly

- a. Ceteris paribus assumption of the Law of demand [2]
- b. Fiscal Policy [2]
- c. Sunk Capital [2]
- d. Product Differentiation [2]
- e. Statutory Liquidity Ratio [2]

Question 2.

- a. Distinguish between Fixed Capital and circulating Capital. [2]
- b. Explain any two exceptions to the law of demand. [2]
- c. What is meant by Running inflation? Mention its impact on fixed income group? [2]
- d. Define a degressive tax? [2]
- e. With the help of a formula calculate the elasticity of supply from the following table:

Price (Rs.)	Quantity Supplied
10	200
15	225

[2]

Question 3.

- a. What is bank rate? How is it altered to correct a depression in an economy? [2]
- b. Producers in a monopoly market are price makers. Briefly explain. [2]
- c. Citing a reason state the advantage of:
 - i. a progressive tax over proportional tax [2]
 - ii. monopolistic competition over monopoly. [2]
- d. State two characteristics typical of land as a factor of production. [2]

Question No. 4

- a. Mention two reasons for poor capital formation in India. [2]
- b. What is the significance of the concept of elasticity of demand to businessmen? [2]
- c. Draw a graph to depict each of the following:
- i. A movement along the demand curve, where both price and quantity change.
 - ii. A change in the supply curve where the price remains constant but the quantity supplied decreases. [2]
- d. If the quantity demanded of a commodity X decreases as the householders income increases, what type of good is X? Give an example. [2]
- e. What is meant by pure competition? [2]

PART B

Question 5.

- a.i. Sometimes the supply curve of labour is curved inwards. Why? Explain with the help of a diagram.
- ii. Explain any two causes of low efficiency of Indian labour. Give three suggestions to improve the quality of labour in India. [7]
- b. Briefly bring out any three Quantitative and the three Qualitative credit control policies of the RBI. [8]

Question 6.

- a. Differentiate between mental and Physical Labour. State four ways in which Division of Labour will affect production in an economy. [7]
- b.i. Complete the following supply schedule and give a diagrammatic illustration of the same.

Supply Schedule of Chocolates

Price (Rs)	Supply (in units)
10.00	200
15.00	
20.00	
25.00	
30.00	
35.00	

- ii. Briefly explain any two factors which determine the volume of supply in the market. [8]

Question 7.

- a. Define Elasticity of Demand. Explain any four of its determinants. [7]
- b. Most of the functions of an entrepreneur are performed by paid professionals. With suitable examples explain the following functions of an entrepreneur. [8]
- i. Risk bearing
 - ii. Uncertainty bearing
 - iii. Innovations
 - iv. Decision Making

Question 8.

- a. What is meant by industrialisation? Explain four impacts of industrialisation on the environment. [7]
- b. With the help of an example explain the meaning of Price Discrimination. To which market is it relevant? Explain any two similarities between Perfect Market and a Monopolistically Competitive Market. [8]

Question 9.

- a. Define Money. How does money perform its role as a:
i. Medium of exchange
ii. Store of Value [7]
- b. What are public sector undertakings? Explain four reasons for the privatization of public Sector undertakings. [8]