

**Year :- 2024 - 25**  
**Std:- X ICSE**

**Practice Paper - 1**  
**Economic Applications**

**Marks :- 100**  
**Duration :- 2 Hr.**

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*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 [ ].*

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## Section – A

### Question 1.

**Choose the correct answer and write the correct option.**

- 1) The demand for a good increases when the price of a substitute \_\_\_\_\_ and also increase when the price of a complement \_\_\_\_\_.  
a) falls; falls                      b) rises; falls                      c) rises; rises                      d) falls; rises
- 2) If X and Y are complementary goods, a rise in the price of Y will cause the demand curve of X to:  
a) Shift to the left                      b) Shift to the right                      c) Extend                      d) Contract
- 3) The contribution of real capital towards the increase in national output is more important than the money capital because \_\_\_\_\_.  
a) money capital does not directly contribute towards the increase in national output.  
b) money capital contributes towards the increase in national output.  
c) real capital does not directly contribute towards the increase in national output.  
d) none of the above.
- 4) A supply curve shows the relation between the quantity of a good supplied and \_\_\_\_\_.  
a) the price of the good. Usually a supply curve has negative slope.  
b) income. Usually a supply curve has positive slope.  
c) income. Usually a supply curve has negative slope.  
d) the price of the good. Usually a supply curve has positive slope.
- 5) Which of the following statement is TRUE?  
a) Fixed capital does not change its form during the production process but circulating capital changes its form during the production process.  
b) Fixed capital changes its form during the production process but circulating capital does not change its form during the production process.  
c) Fixed capital gets exhausted during the production process.  
d) Circulating capital does not get exhausted during the production process.
- 6) Price discrimination under monopoly implies that a monopolist is able to charge \_\_\_\_\_.  
a) different prices to different consumers of the same commodity.  
b) same price to different consumers of the same commodity.  
c) different prices to different consumers of the same commodities.  
d) none of the above.
- 7) Which of the following is NOT a correct reason for low efficiency of Indian labour?  
a) Poverty                                      b) Climate  
c) Inadequate training facilities                      d) Division of labour
- 8) The price of a good falls from Rs. 8 to Rs. 6. As a result of which demand rises from 100 units to 125 units.

The elasticity of demand is \_\_\_\_\_ and the demand curve is \_\_\_\_\_.

- a) 1; unitary elastic
- b) 1.5; unitary elastic
- c) 1; perfectly elastic
- d) 1.2; inelastic

9) Study the relationship in the first pair of words and complete the second pair:

Income tax: Direct tax

\_\_\_\_\_: Indirect tax

- a) Property tax
- b) Entertainment tax
- c) House tax
- d) Road tax

10) The market demand curve is a \_\_\_\_\_ summation of all individual demand curves.

- a) vertical
- b) lateral
- c) downward
- d) none of these

11) Which of the following is NOT a feature of a perfectly competitive market?

- a) Sellers are price takers
- b) There are many buyers and many sellers
- c) Products are differentiated by the sellers
- d) Perfect mobility of the factors of production

12) Which of the following is a selective/qualitative method of credit control?

- a) Bank Rate
- b) Cash Credit Ratio
- c) Open Market Operations
- d) Moral suasion

13) The policy of converting public ownership of an asset to private ownership is \_\_\_\_\_.

- a) nationalization
- b) liberalization
- c) globalization
- d) privatization

14) Normal goods are those for which demand decreases when income of the consumer \_\_\_\_\_ and the good's own price \_\_\_\_\_.

- a) increases; increases
- b) decreases; increases
- c) decreases; decreases
- d) increases; decreases

15) The full form of ATM is:

- a) Any time machine
- b) Automated teller machine
- c) All time money
- d) Any time money

16) Fiscal policy = Policy related to government expenditure and budget

\_\_\_\_\_ = Policy related to credit and supply of money

- a) Monetary policy
- b) Credit control policy
- c) Credit creation policy
- d) Economic development policy

17) An entrepreneur can infuse dynamism in the production process, which means \_\_\_\_\_.

- a) profit maximization
- b) cost minimization
- c) utility maximization
- d) implementing creative ideas in the production process

18) General acceptability, durability, homogeneity all are features of:

- a) Money
- b) Tax
- c) Policies
- d) None of these

19) As a result of a 5% increase in price, the demand for commodity X increases by 12%. The Price Elasticity of the commodity will be:

- a)  $e_p > 1$
- b)  $e_p < 1$
- c)  $e_p = 1$
- d)  $e_p = \infty$

20) Which of these is generally a short term loan?

- a) Cash credit
- b) Home loans
- c) Overdraft
- d) Car loans

## Question 2.

1) Mention two ways in which an entrepreneur is different from labour.

- 2) Draw a neat diagram to show a relatively elastic supply curve.
- 3) Which section of the society gains during inflation ? Why ?
- 4) Why is money referred to as legal tender money ?
- 5) Explain horizontal division of labour with an example.

**Question 3.**

- 1) Demand is solely determined by price. Is the statement true or false? Give a reason for your answer.
- 2) Mention one important difference between a tax and a subsidy.
- 3) What are time deposits? Why are they called so?
- 4) Draw a neat labelled diagram showing degressive taxation.
- 5) Explain price discrimination.

**Section – B**

**Question 4.**

- 1) Define capital formation. Explain three important factors affecting the rate of capital formation.
- 2) a) What is the impact of the behavior of cost of production on elasticity of supply?  
b) Draw and explain the following degrees of elasticity of supply:  
1)  $E_p = \alpha$       2)  $E_p = 0$       3)  $E_p > 1$

**Question 5.**

- 1) What is a monopolistically competitive market? Explain the following features of this market:  
a) Non-price competition      b) Presence of Selling cost  
c) Price policy which is followed
- 2) With the help of appropriate diagram, explain the meaning of contraction in demand and extension in demand.

**Question 6.**

- 1) What is privatization? Explain the following arguments favoring privatization:  
a) Greater flexibility in decision making.  
b) Better utilization of resources.  
c) Greater employment opportunities.
- 2) a) Is entrepreneur a special type of labour? Discuss.  
b) State two merits and two demerits of direct taxes.

**Question 7.**

- 1) What is meant by an indirect tax? Give two examples. Explain briefly two merits and two demerits of indirect tax.
- 2) a) State two advantages of nationalization of commercial banks.  
b) Name the sources of commercial bank's lending power.  
c) What is commercial bank? Explain the types of deposits.

**Question 8.**

- 1) Define money. Explain the following functions of money:  
a) Measure of value

- b) Transfer of value
  - c) Standard of deferred payment
- 2) a) What is a Public Sector?
- b) Give two examples of Public Sector in India.
  - c) What are the different types of Public Sector found in India?

#### Question 9.

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

Duncan Goenka Group's engineering firm changes, the company said that the temporary secure was necessary October 1. In a statement to the stock and financial distress. "Considering the serious issues and are company because of the continued labour unrest operations immediately after settling on various issues and arrangement of the workers," the statement said.

The workers, however, dismissed that there was labour unrest in the factory. Interestingly, in last six months, four directors including managing director of Stone India had resigned from the board. According to the allegations made by INTTUC General Secretary Supriya Adhikari as stopped worker unrest in the factory. "No salary was given at the unit in the last six months. The production was stopped on Dashami, September 30. The management has tied up with a Chinese firm harming our cause despite the company having pending orders worth 200 crore. With this, 500 labourers will lose their jobs and 2,000 individuals will be adversely affected. We hope that the state government intervenes to save the company. We are also open to the union ministry helping us in this matter," said Adhikari. Director of Stone India G.P. Goenka could not be contacted for comments.

Incidentally, Stone India started operations in India in 1931 as a wholly owned subsidiary of J. Stone & Co, UK. In the initial stages, the firm was a trading unit that imported its goods from the UK to be sold in the Indian Railways market. Now the company manufactures fully indigenous products. As part of compliance with FERA Regulations, Stone India diluted its foreign equity in 1991. It is a multi-product engineering company and has been serving Indian rail industry for over decades.

- 1) a) Is there any labour unrest in Stone India Ltd. according to INTTUC General Secretary? If not, then what is actually happening in Stone India Ltd.?
- b) What was the primary trade of Stone India Ltd. in its initial stage?
  - c) State five reasons for low efficiency of Indian labours?
- 2) a) Define inflation.
- b) State its effects on the economy.
  - c) What is Demand pull inflation?