

**ICSE SEMESTER 2 EXAMINATION**  
**SPECIMEN QUESTION PAPER**  
**ECONOMIC APPLICATIONS**

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*Maximum Marks: 50*

*Time allowed: One and a half hours*

*Answers to this Paper must be written on the paper provided separately.*

*You will not be allowed to write during the first 10 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.*

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*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 [ ].*

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**SECTION A**

*(Attempt **all** questions)*

**Question 1**

Choose the correct answers to the questions from the given options. (Do not copy the question, Write the correct answer only.)

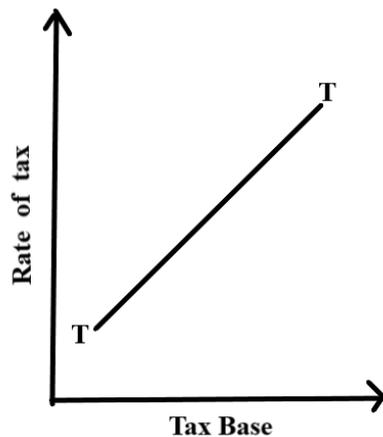
[10]

- (i) Which of these is the apex bank of the Indian Banking System?
- (a) State Bank of India
  - (b) Central Bank of India
  - (c) Reserve Bank of India
  - (d) Canara Bank
- (ii) SLR stands for:
- (a) Statutory Limit Rationing
  - (b) Standard Liquid Requirement
  - (c) Statutory Liquidity Ratio
  - (d) Standard Limit Rationing

(iii) *The policy of converting public ownership of an asset to private ownership is*

\_\_\_\_\_.

- (a) Nationalisation
  - (b) Liberalisation
  - (c) Globalisation
  - (d) Privatisation
- (iv) Which of these is generally a short term loan?
- (a) Cash credit
  - (b) Home loans
  - (c) Overdraft
  - (d) Car loans
- (v) Which of the following is a selective/qualitative method of credit control:
- (a) Bank Rate
  - (b) Cash Credit Ratio
  - (c) Open Market Operations
  - (d) Moralsuasion
- (vi) Identify the type of taxation shown in the figure below:



- (a) Progressive taxation
- (b) Regressive taxation
- (c) Proportional taxation
- (d) Degressive taxation

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

Creeping inflation : 2% to 3%

Running inflation : \_\_\_\_\_

- (a) 8% to 9%
- (b) 8% to 20%
- (c) 3.3% to 8%
- (d) 20% to 40%

(viii) 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

(ix) Which of the following does not belong to the group?

- (a) Accepting deposits
- (b) Giving loans
- (c) Controlling credit
- (d) Creating credit

(x) *A compulsory payment by the citizens of the country to the government without any expectation of corresponding benefits for such payments.* This defines:

- (a) Tax
- (b) Subsidy
- (c) Discount
- (d) Concession

## SECTION B

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

### Question 2

- (i) Define money. [2]
- (ii) State two advantages of a bank account. [2]
- (iii) Mention any three demerits of Public Sector Enterprises. [3]
- (iv) What are direct taxes? State two merits of direct taxes. [3]

### Question 3

- (i) What is Privatization? [2]
- (ii) Differentiate between *progressive taxation* and *proportional taxation*. [2]
- (iii) Briefly explain how Cash Reserve Ratio can be used to control credit. [3]
- (iv) Explain how money acts as a *measure of value*. [3]

### Question 4

- (i) Name two instruments of Fiscal Policy. [2]
- (ii) Explain why the purchasing power of money falls when price level rises. [2]
- (iii) State three reasons why privatization is not always desirable. [3]
- (iv) What are Commercial banks? Name one commercial bank in India. [3]

### Question 5

- (i) Give one difference between qualitative and quantitative credit control. [2]
- (ii) What is *galloping inflation*? [2]
- (iii) State three differences between a Commercial bank and a Central bank. [3]
- (iv) What type of tax is *Goods and Services Tax*? State two features of this type of tax. [3]

**Question 6**

- (i) Give two reasons as to why a Central Bank is needed. [2]
- (ii) Mention two important differences between Public Sector and Private Sector. [2]
- (iii) Explain how taxes can bring about equality in income distribution. [3]
- (iv) What are *term/time deposits*? Explain any one type of term deposit. [3]

**Question 7**

- (i) What is bank rate? [2]
- (ii) What are current accounts? [2]
- (iii) Can inflation lead to economic development? Give a reason for your answer. [3]
- (iv) Explain how an increase in sales tax can cause an increase in price. [3]