

**ICSE 2024 EXAMINATION**  
**SPECIMEN QUESTION PAPER**  
**ECONOMIC APPLICATIONS**

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*Maximum Marks: 100*

*Time allowed: Two hours*

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

*You will **not** be allowed to write during the first 15 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 from this **Section**.)*

**Question 1**

[20]

Choose the correct answers to the questions from the given options.

(Do not copy the question, write the correct answers only.)

- (i) Assertion (A): There has been a significant increase in global airfares post Russia – Ukraine war.

Reasoning (R): Higher fuel prices in the international market due to war.

- (a) A is true but R is false  
(b) A is false but R is true  
(c) Both A & R are true and R explains A  
(d) Both A & R are true but R does not explain A
- (ii) Mobile phones and SIM cards are examples of
- (a) Substitute goods  
(b) Complimentary goods  
(c) Unrelated goods  
(d) Competitive goods

- (iii) If Government of India bans the production of plastic bags, how will the supply curve be affected?
- (a) The supply curve would shift to the right
  - (b) The supply curve would shift to the left
  - (c) The supply curve would not shift in any direction
  - (d) The supply would become vertical
- (iv) Complex division of labour cannot be implemented for:
- (a) Construction of bridges
  - (b) Manufacturing of cycles
  - (c) A sculptor sculpting a human statue
  - (d) Computer manufacturing unit
- (v) Which of the following causes low efficiency of Indian labour?
- (a) Prevalence of high wage rate
  - (b) Presence of social security schemes
  - (c) Inadequate skill training facilities
  - (d) Favourable climatic conditions
- (vi) A linear supply curve starting from the origin making an angle of 75 degree with X -axis will have:
- (a) Relatively elastic supply
  - (b) Relatively inelastic supply
  - (c) Perfectly elastic supply
  - (d) Unitary elastic supply

- (vii) A holiday resort in a remote village is very popular among the tourists. Since the connectivity is very poor with the outer world, the owner employs the local villagers for the functioning of the resort.

This is a case of:

- (a) Perfect competition
  - (b) Monopoly
  - (c) Monopsony
  - (d) Monopolistic competition
- (viii) Which of the following is the most likely reason for the relatively high elasticity of bottled water?
- (a) Many substitutes are available
  - (b) Good for health
  - (c) Can be used for many purposes
  - (d) Necessity item
- (ix) Innovation is the implementation of new ideas and changes into reality – this function is carried out by:
- (a) An engineer
  - (b) An architect
  - (c) An army man
  - (d) An entrepreneur
- (x) Which of the following is the least competitive market?
- (a) Farming
  - (b) Indian Railways
  - (c) Air India
  - (d) Mcdonald's

(xi) Identify the function of RBI as indicated by the following image:



- (a) Banker to the banks
  - (b) Fiscal agent to the government
  - (c) Credit control
  - (d) Custodian of foreign exchange reserve
- (xii) The current account holders are not given interest on their deposits. The reason being:
- (a) Current account holders maintain their account only for a very short period
  - (b) They belong to the high-income group and do not need interest from the bank
  - (c) The businessmen who opened these accounts earn huge profit from their businesses
  - (d) There is no limitation on the number of withdrawals by the current account holders
- (xiii) Identify the perfect competition market from the following:
- (a) Single buyer in the market
  - (b) Single seller in the market
  - (c) Absence of transport cost
  - (d) Differentiated products

- (xiv) Which function of money is most closely linked to saving?
- (a) Medium of exchange
  - (b) Standard of deferred payment
  - (c) Store of value
  - (d) Unit of account

- (xv) Which of the statement is true for Income tax?
- (a) It is regressive by nature
  - (b) It is an example of indirect tax
  - (c) Impact and incidence of the tax lies on the same person
  - (d) Impact and incidence of the tax lies on different persons

- (xvi) Match the following:

1	Factors of production	P	Human resources
2	Land	Q	Man-made resources
3	Capital	R	Economic Resources
4	Entrepreneur	S	Natural resources

- (a) 1 (R), 2 (S), 3 (P), 4 (Q)
  - (b) 1 (S), 2 (R), 3 (P), 4 (Q)
  - (c) 1 (R), 2 (P), 3 (S), 4 (Q)
  - (d) 1 (R), 2 (S), 3 (Q), 4 (P)
- (xvii) From which type of deposits, money can be withdrawn only after the maturity date?
- (a) Savings account
  - (b) Current account
  - (c) Recurring deposit account
  - (d) Fixed deposit account
- (xviii) Identify the reason for privatisation:
- (a) Reduction in unproductive expenditure of the government
  - (b) Growth of private monopolies
  - (c) Social welfare aspect is not emphasised
  - (d) Possibility of employment loss

- (xix) Mining operations result in
- (a) Formation of barren land
  - (b) Depleting the stock of natural resources
  - (c) Deforestation
  - (d) All of the above
- (xx) Which of the following taxes generate civic consciousness among people?
- (a) GST
  - (b) Customs duty
  - (c) Income Tax
  - (d) Entertainment tax

## Question 2

- (i) It is estimated that if the price of a bar of chocolate is changed by 4 %, demand will alter by 6%. [2]
- (a) Calculate the elasticity of demand.
  - (b) Is the demand elastic or inelastic?
- (ii) Money performs both primary and secondary functions. [2]
- (a) Which specific functions of money is related to future payments?
  - (b) Is it a primary or secondary function of money?
- (iii) Repo rate and market rate of interest are interrelated. Justify. [2]
- (iv) The government of a country wants to reduce the income inequality – explain with the help of an example the tax which will be effectively dealing with this problem. [2]
- (v) Since 2018-19, the Indian Government is considering how to dissuade people from using plastic bags – explain *any two* impacts on eco-system if government measures are not effectively implemented. [2]

### Question 3

- (i) Land has zero cost of production – do you agree? Give reason. [2]
- (ii) A renowned cardiac surgeon charges different fees for patients depending on their income. [2]
- (a) In which market structure it is observed?
- (b) What is this practice known as?
- (iii) A substantial part of government investment has been made in setting up industries in backward regions: [2]
- (a) What is the problem that government is trying to deal with?
- (b) Mention one positive outcome for such government action.
- (iv) Which factor of production is perishable by nature and why? [2]
- (v) Debtors will lose during inflation – explain. [2]

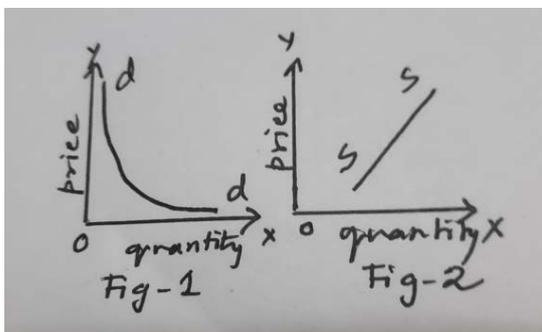
### SECTION B

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

### Question 4

- (i) The role of capital formation in ensuring economic development is imperative. [7]
- In this context explain:
- (a) The stages of capital formation
- (b) Any four factors influencing capital formation

- (ii) [8]



- (a) Identify the elasticity of demand and elasticity of supply from Fig – 1 & Fig – 2 respectively.
- (b) What can be said about the relation between the price change and quantity change in both cases?
- (c) Explain *any two* factors affecting elasticity of supply.
- (d) What is the curve in the Fig – 1 known as?

**Question 5**

- (i) What do you mean by productivity of land? [7]  
How would the following affect the productivity of land?
  - (a) Size of land holdings
  - (b) Investment on land
  - (iii) Tenancy laws of land
- (ii) The inverse relationship between price and quantity demanded does not hold [8]  
good in many cases – explain the statement giving four reasons.

**Question 6**

- (i) Name the factors of production and differentiate between: [7]
  - (a) Vertical and horizontal division of labour
  - (b) Sunk capital and floating capital
  - (c) Entrepreneur and labour
- (ii) Citing reasons state the superiority of: [8]
  - (a) A direct tax over an indirect tax
  - (b) Progressive tax over regressive tax
  - (c) Public sector over privatization
  - (d) Fostering civic consciousness by direct tax over the same by indirect tax

### Question 7

- (i) (a) Complete the following Flow Chart. [7]
- (b) What is this process known as?
- (c) Explain the process.
- (d) When and why will this process be used by Central Bank?



- (ii) Explain the following: [8]
- (a) Impact of tax
- (b) Incidence of tax
- (c) Two merits of indirect tax
- (d) Two demerits of direct tax

### Question 8

- (i) Changes in the land use patterns and human activities have played a significant role in destroying our ecosystem – do you agree? Give reasons to support your answer. [7]
- (ii) Explain the differences between: [8]
- (a) Store of value of money and transfer of value of money
- (b) Cash Credit and outright loans
- (c) Creeping and running inflation
- (d) CRR and SLR

### Question 9

(i)



[7]

While shopping for snacks in the super market you see many brands selling different types of chips packet with various prices, flavours, sizes etc.

- (a) What is the type of market referred to?
- (b) Explain the particular characteristic in this market with reference to the passage mentioned above.
- (c) Do you consider this as a realistic form of market? Give reasons for your answer.

(ii)

Answer the following questions based on the following passage.

[8]

The Repo Rate hike cycle of RBI which started in May 2022 has finally paused. Despite the current pause the Repo Rate has gone up by 2.5% from 4% to 6.5% within a span of last eleven months.

*[Source: Economic Times, 8-2-2023]*

- (a) Differentiate between quantitative and qualitative methods of credit control by RBI.
- (b) Explain Margin Requirements and Moral Suasion as methods of credit control.
- (c) What is Repo rate and Reverse Repo rate?
- (d) What will happen to the money supply in the economy if Repo rate is increased?
- (e) Who would be the most affected due to increase in Repo Rate?