

ICSE Board
Class X Economics Applications
Sample Paper - 1

Time: 2 hrs

Total Marks: 100

General Instructions:

1. *Answers to this paper must be written on the paper provided separately.*
2. *You will **not** be allowed to write during the first **15** minutes.
This time is to be spent in reading the question paper.*
3. *The time given at the head of the paper is the time allotted for writing the answers.*
4. *Attempt **all** questions from **Part I** and **any four** questions from **Part II**.*
5. *The intended marks of questions or parts of questions are given in brackets [].*

PART I (40 Marks)

*Attempt **all** questions from this part.*

Question 1

- a) What is the Cash Reserve Ratio? [2]
- b) State one difference between monopsony and monopolistic competition. [2]
- c) What is meant by adulteration of food? [2]
- d) How do commercial banks create credit money? [2]
- e) What is market demand? [2]

Question 2

- a) What are normal goods? [2]
- b) Distinguish between the fiscal policy and the monetary policy of the government. [2]
- c) What are the harmful effects of adulteration of food on human health? [2]
- d) Explain any two types of credit facilities provided by a commercial bank. [2]
- e) What is the difference between CRR and SLR? [2]

Question 3

- a) Name any two determinants of demand. [2]
- b) Distinguish between direct and indirect tax. [2]
- c) Give any two arguments in the favour of privatisation of commercial banks. [2]
- d) What is meant by productive mechanism? [2]
- e) What is meant by an overdraft facility? [2]

Question 4

- a) What are the effects of change in quantity demand and change in demand? [2]
- b) How does proportional tax differ from progressive tax? [2]
- c) Explain the term credit multiplier. [2]
- d) What is productivity of land? Distinguish between average and marginal productivity of land. [2]
- e) The price of sugar rises from Rs. 40 to Rs. 48 per kg and its demand falls from 6 kg per day to 3 kg per day. Calculate the elasticity of demand for sugar. [2]

PART II (60 Marks)

Attempt **any four** questions from this part.

Question 5

- a) What are the effects of inflation on the various groups in society? [7]
- b) Define supply. Give any three determinants of supply. [8]

Question 6

- a) What is inflation? Distinguish between demand-pull and cost-push inflation? Explain the effects of inflation on investors. [7]
- b) Assume the price elasticity of demand for a good is equal to one. When the price is Rs. 5, the demand in the market is 200 units. What is the quantity demanded if the price falls to Rs. 2? [8]

Question 7

- a) Show the different degrees of elasticity of demand with the help of a diagram. [8]
- b) Discuss any four causes by which the ecosystem has been destroyed due to the changing pattern of land use. [7]

Question 8

- a) Differentiate between the movement along the supply curve and shift of the supply curve. [7]
- b) Explain the geometric method of measuring the price elasticity of demand? [8]

Question 9

- a) State the law of demand. Give any two applications of the concept of elasticity of demand. [7]
- b) Explain any three characteristics of land. State two functions of land as a factor of production. [8]

Question 10

- a) Read the following extract and answer the questions that follow:

Financial Express, May 7, 2015

The Reserve Bank may cut the rate by 25 basis points even before its monetary policy is reviewed on June 2, as inflation is easing and the US Fed tightening is expected by the year end, SBI said in a research note today. The rate cut is most likely to take place after May 12, when release of CPI data is scheduled, it said.

- (i) What is meant by bank rate? [2]
(ii) How does it influence the total money supply? [5]
b) Explain four ways of increasing investment in India. [8]