



**KARNATAKA ICSE SCHOOLS ASSOCIATION**  
**ICSE STD. X Preparatory Examination 2025**  
**Subject – Economic Applications**

**Duration : 2 Hrs**

**Maximum Marks : 80**

**Date: 16.01.2025**

**General Instructions:**(Candidates are allowed additional 15 minutes for only reading the paper.  
They must NOT start writing during this time).

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 questions, write the correct answer only)*

- (i) Assertion (A): Usage of masks and oxygen cylinder have seen a spike during covid 19.  
Reason (R): Masks and oxygen cylinder are inelastic during the pandemic in India.  
(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) When the government tries to reduce inequalities in distribution of income in the society, the demand for which goods rise?  
(a) Luxurious goods  
(b) Comfortable goods  
(c) Substitute goods  
(d) Related goods
- (iii) Law of demand is not likely to apply to which of the following good?  
(a) Baby foods  
(b) Air conditioners  
(c) Medicines  
(d) Clothes
- (iv) Which function of an entrepreneur allows him to decide giving right task to the right person for the right reason  
a) Innovative function b) Distributive function c) Delegation function. d) Co-ordination and supervision.
- (v) \_\_\_\_\_ is subject to depreciation year after year.  
a) Land b) Labour c) Capital d) Organization
- (vi) Each firm earns just the normal profits in case of perfect competition.  
a) True  
b) False
- (vii) Name the credit control methods which refers to difference between the amount of loan and market value of the security offered by the borrower against the loan.  
(a) Selective credit control  
(b) Moral suasion  
(c) Margin requirements  
(d) Legal reserve requirement

(viii) Match the following

1	Over draft facility	P	Fixed deposit
2	High Rate of Interest	Q	Current account
3	Sale and purchase of securities	R	General utility function

4	Letter of credit		S	Agency function
			T	Saving deposit

- (a) 1 (Q) 2 (P) 3 (S) 4 (R)
- (b) 1(S) 2(T) 3 (P) 4 (R)
- (c) 1(Q) 2 (R) 3 (Q) 4 ( S)
- (d) 1 (T) 2 (S) 3 (P) 4 (R)

ix) Which function of central bank does the image below highlight?

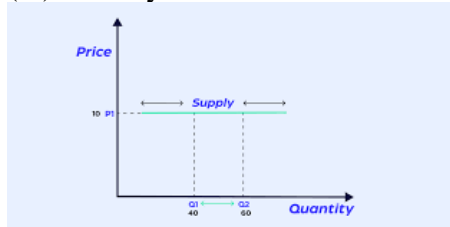


- (a) Issue of currency notes
- (b) Bankers' Bank
- (c) Acts as a clearing agent
- (d) Lender of last resort

x) If any individual invests his fund in purchasing ICICI bonds, it is an example of \_\_\_\_\_ capital.

Money capital b) Debt capital c) Human capital d) Internal capital

(xi) Identify the statement that best supports the elasticity of the supply curve given below



- a. At all points on the supply curve, the price elasticity of supply will be greater than one
- b. At all points on the supply curve, the price elasticity of supply will be infinite
- c. At all points on the supply curve, the price elasticity of supply will be zero
- d. At all points on the supply curve, the price elasticity will be equal to one.

(xii) Mr. Renin a resident of Davis Road Bengaluru received an unusual high electricity bill, he launched an online complaint to the BESCOM. Identify the nature of market for BESCOM.

- a) Monopoly
- b) Perfect competition
- c) Monopolistic competition
- d) Duopoly

(xiii) In an organza textile industry, it is noticed that Malaysia manufactures 1400 pieces a day, Singapore manufactures 1500 pieces a day, China 2000 pieces a day. However, India is possible to produce only 800 pieces a day.

Identify the reason why India can manufacture less units?

- (a) The duration of work is shorter in India.
- (b) Workers are subject to Unhygienic conditions
- (c) The employer-employee relations are friendly and sympathetic

(d) India is a sub-tropical country favouring manufacturing.

(xiv) Assertion (A): Increase in public expenditure, government can accelerate the economic growth.

Reason (R): The government uses fiscal instruments to improve the distribution of income.

(a) A is true but R is false.

(b) A is false but R is true

(c) Both A & R are true R explains A

(d) Both A & R are true but R does not explain A

(xv) Due to 20% fall in price of a commodity, its quantity demanded rises from 300 units to 450 units. Calculate its price elasticity of demand.

a. 1.25

b. 0.25

c. 1.50

d. 2.50

(xvi) The picture below shows which type of labour?



a) Skilled labour

b) Bonded labour

c) Unskilled labour

d) Semi- skilled labour

(xvii) Observe the relationship of the first pair of words and complete the second pair

If the rate of inflation is 1% to 2% per annum, it is called creeping inflation.

If the rate of inflation is 20% to 100% per annum, it is called \_\_\_\_\_.

a) Walking inflation

b) Creeping inflation

c) Hyper inflation

d) Running inflation.

(xviii) Assertion (A): Direct taxes are those in case of which burden of tax cannot be shifted.

Reason ( R) : Income tax is a direct tax as in case of its impact and incidence fall on the same person.

(a) A is true but R is false

(b) A is false but R is true

(c) Both A and R are true R explains A

(d) Both A & R are true but R does not explain A

xix) If commodity A and B are complementary, the fall in price of A will leads to ----- in demand of B .

a. Increase

b. Decrease

c. Remains the same

d. Uncertain

(xx) Process-based division of labour uses capital – intensive techniques in production.

- a) True
- b) False

**Question 2**

- (i) Calculate elasticity of demand on the basis of the following data. (2)  
 When price of a commodity falls by 80%,the quantity demanded of it increases by 100%.Find out its price elasticity of demand.  
 a. Is the demand elastic or inelastic.

(ii)



Fig A



Fig B

Analyze the visual elements in the above two pictures, identify and explain which form of currency tender? (2)

- (iii) What is overdraft facility? (2)
- (iv) Study the data given below and identify the types of tax. Justify your answer with a reason for each. (2)

TABLE 1			TABLE 2		
INDIVIDUAL	TAX BASE	RATE OF TAX	INDIVIDUAL	TAX BASE	RATE OF TAX
A	10,000	5%	A	10,000	5%
B	20,000	5%	B	20,000	8%

(v) Complete the Market supply schedule of two firms X and Y. (2)

Price	X	Y	Market Supply
5	10	?	20
7	?	15	30
10	18	22	?
13	20	?	45
15	30	35	?

**Question 3**

- (i) The release of industrial waste contaminates water with chemicals, metals or radioactive waste”. Justify your answer with two points. (2)
- (ii) Why are selling costs are not incurred in perfect competition? (2)
- (iii) Which inputs in the process of production do not lose their identity? Give two example (2)
- (iv) “Government is the only buyer of arms and ammunition”. Identify the type of market and state its features. (2)
- (v) Which division of labor does concentration or localization of textiles in Mumbai, jute industry in Bengal and sugar industry in U.P. represent? (2)

## SECTION B

(Answer any four questions from this section)

### Question 4

- (i) a. Define bank rate. What will be the effect of a rise in the bank rate on money supply? (7)
- b. Briefly explain 3 qualitative methods of credit control adopted by a central bank.
- (ii) A newspaper article reported that due to rising inflation, the prices of essential goods like vegetables, grains, and fuel increased by 15% in the last year. The central bank has been considering policy changes to address inflation concerns.
  - a. How will inflation impact on the fixed income group of people?
  - b. Identify and explain the type of inflation mentioned above.
  - c. Discuss any two effects of inflation on production. (8)

### Question 5

- (i) What are Public Sector Enterprises? Explain any three ways by which public sector enterprises play a dominant role in an economy. (7)
- (ii) what is privatization? Discuss the pros and cons of privatization. (8)

### Question 6

- (i) Explain with the help of a diagrams the effect of the following changes on the demand of a commodity;
  - i) An unfavorable change in taste of the buyer for the commodity.
  - ii) A rise in the income of its buyer, if the commodity is normal good.
  - iii) Rise in the price of the given commodity (8)
- (ii) a) How does money act as a store of value? (8)
- b) Distinguish between loan and cash credit.
- c) Why do people deposit their money with commercial bank?

### Question 7

- (i) Mention the circumstances under which the law of supply does not operate.(7)
- i. Sana starts a solar energy company that installs solar panels for residential and commercial clients. She leases a warehouse for operations, hires engineers and technicians, and purchases solar panels and tools. Sana's company focuses on educating clients about the long-term benefits of solar energy. (8)
  - a. Identify and describe the factors of production in Sana's business.
  - b. Explain the role of an entrepreneur in the economic development of the country.

### Question 8

- (i) Justify the following in brief. (7)
  - a) Land varies in fertility
  - b) All factors of production are not equally mobile.
  - c) Labour is both a means and an end
- (ii) a. How does the nature of the commodity affects the elasticity of demand? (8)
- b. Briefly discuss the exceptions to law of demand.

### Question 9

- (i) Infant, a young entrepreneur enters into the business of manufacturing shampoos and conditioners. He names his brand as 'Herculean products'. On entering the

market, he is able to achieve good sales and profits. He finds himself competing with existing brands in the market such as Head & Shoulders, L'Oréal Paris professionals, Plum, Pantene, Sun silk, Clinic plus, etc. In reference to the above case, answer the following questions. (7)

- a) Identify and define the market Infant is operating at.
  - b) 'There exists non-price competition along with price competition in this market' said Plum's director to Infant. What did he mean by non-price competition?
  - c) Product differentiation is practiced in monopolistic competition? Give reasons.
- (ii) The RBI has announced the introduction of a new ₹500 currency note with advanced security features to curb counterfeiting. At the same time, it is phasing out older versions of the ₹500 note. Citizens are advised to exchange old notes at banks within six months. (8)
- a) Explain the main reasons for giving the monopoly of note issue to the central bank.
  - (b) Discuss the role of central bank as the banker and fiscal agent to the government

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