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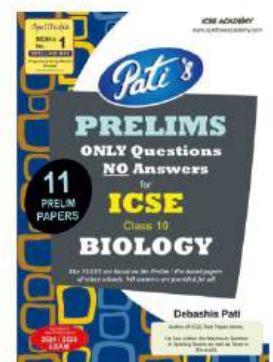
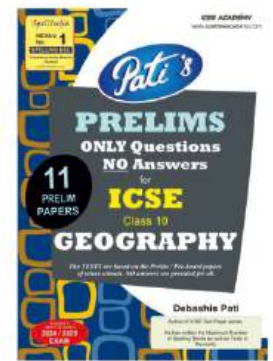
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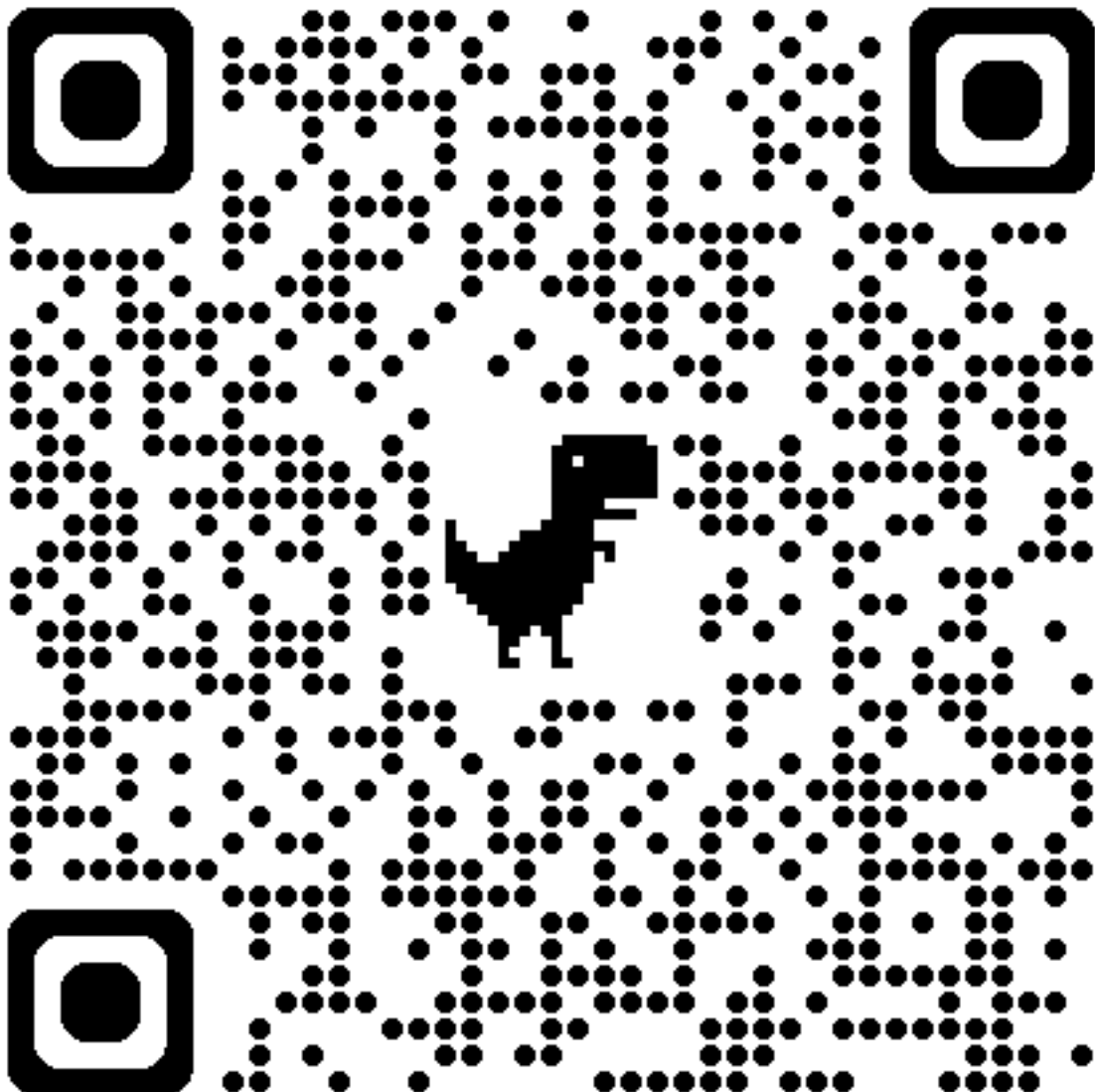
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COMPETENCY-FOCUSED PRACTICE QUESTIONS

Table of Contents

S.No	Type of Questions	Page No.
I.	Multiple-Choice Questions (MCQs)	2-14
II.	Very Short Answer Questions	14-18
III.	Long Answer Questions	19-20
IV	Very Long Answer Questions	21-23
	<i>Answer Key</i>	24-33

Note : This is a CISCE document, a MUST DO for every student.

ICSE - CLASS X

Economic Applications

I: Multiple Choice Questions (1 mark)

S.No.	Questions
<p>1.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Identify the type of goods represented by Figures A and B.</p> <div data-bbox="614 907 1125 1220" style="text-align: center;"> </div> <p>(a) Inferior good, normal good. (b) Normal good, unrelated good. (c) Normal good, inferior good. (d) Necessary good, inferior good.</p> <p style="text-align: right;">[Application]</p>
<p>2.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>When will a demand curve take the shape of a rectangular hyperbola?</p> <p>(a) Elasticity of demand = 0 (b) Elasticity of demand > 1 (c) Elasticity of demand < 1 (d) Elasticity of demand = 1</p> <p style="text-align: right;">[Understanding]</p>
<p>3.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>An increase in price leading to an increase in supply shows:</p> <p>(a) downward movement along the supply curve. (b) a leftward shift of the supply curve. (c) an upward movement along the supply curve. (d) a rightward shift of the supply curve.</p> <p style="text-align: right;">[Application]</p>

[Demand and Supply: Basic Concepts]

The quantity supplied increases by 60% due to 50% increase in price, the elasticity of supply is:

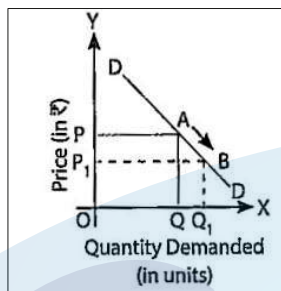
- (a) + 0.83
- (b) - 0.83
- (c) + 1.2
- (d) 1.2

[Application]

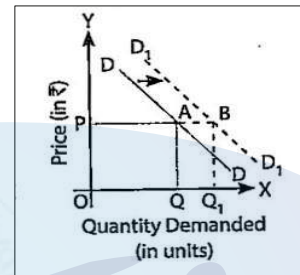
5. *[Demand and Supply: Basic Concepts]*

The International Year of Millets 2023 aims to raise awareness about the importance of Millets and their health benefits. Which of the following diagrams will represent the demand for Millets?

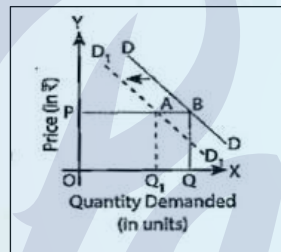
(a)



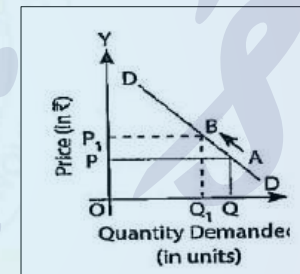
(b)



(c)



(d)



[Analysis]

6. *[Demand and Supply: Basic Concepts]*

Assertion (A): The coefficient of price elasticity of demand is always negative.

Reasoning (R): The negative sign represents the inverse relationship between price and quantity demanded.

- (a) Both A and R are true, and R is the correct explanation of A.
- (b) Both A and R are true, and R is not the correct explanation of A.
- (c) A is true, but R is false.
- (d) A is false, but R is true.

[Analysis]

	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Some people gain satisfaction from being seen to consume expensive products by other people. According to them, ‘the failure to consume in due quantity and quality becomes a mark of inferiority and demerit’.</p> <p>Which situation is being referred to in the above case?</p> <p>(a) Law of demand. (b) Exception to the law of demand. (c) Reasons for the downward slope of the demand curve. (d) Factors determining demand.</p> <p style="text-align: right;">[Application]</p>
<p>8.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Match the following:</p> <p>I. $E_s = 0$ A. SS curve has an intercept on the Y-axis. II. $E_s = 1$ B. SS curve is parallel to the Y-axis. III. $E_s > 1$ C. SS curve has an intercept on the X-axis. IV. $E_s < 1$ D. SS curve passes through the origin.</p> <p>(a) I-D, II-B, III-C, IV-A (b) I-B, II-D, III-C, IV-A (c) I-B, II-D, III-A, IV-C (d) I-D, II-C, III-A, IV-B</p> <p style="text-align: right;">[Understanding]</p>
<p>9.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Read the following passage:</p> <p>Cycling is one of the new emergent and alternative mode of transportation that combine both travelling and physical activity in the most attractive way and aimed at shifting to green transportation mode.</p> <p>In this context, what is the impact on the demand for cycles indicated?</p> <p>(a) Increase in demand for yoga institutes. (b) Increase in demand for tree planting. (c) Expansion in demand for cycles. (d) Increase in demand for cycles.</p> <p style="text-align: right;">[Analysis]</p>
<p>10.</p>	<p><i>[Factors of Production]</i></p> <p>Which of the following is NOT a reason for deforestation?</p> <p>(a) Construction (b) Soil Erosion (c) Mining Activities (d) Overgrazing</p> <p style="text-align: right;">[Understanding]</p>

<p>11.</p>	<p><i>[Factors of Production]</i></p> <p>Unskilled workers can work as rickshaw pullers, hawkers or porters. This implies that:</p> <p>(a) labour is perishable. (b) labour is mobile. (c) labour has alternative uses. (d) labour varies over time.</p> <p style="text-align: right;">[Application]</p>
<p>12.</p>	<p><i>[Factors of Production]</i></p> <p>_____ is taken as the accumulated sum of the amounts saved over all the previous years.</p> <p>(a) Saving (b) Profit (c) Savings (d) Shares and Debentures</p> <p style="text-align: right;">[Analysis]</p>
<p>13.</p>	<p><i>[Factors of Production]</i></p> <p>Select the correct option below based on the assertion and reason given.</p> <p>Assertion(A): If total investment in any country is more than its depreciation cost, then there will be capital formation.</p> <p>Reason(R): It refers to the process of adding to the stock of capital over time.</p> <p>(a) (A) is true, but (R) is false. (b) (A) is false, but (R) is true. (c) Both (A) and (R) are true, and (R) is the correct explanation for (A). (d) Both (A) and (R) are true, and (R) is not the correct explanation of (A).</p> <p style="text-align: right;">[Analysis]</p>
<p>14.</p>	<p><i>[Factors of Production]</i></p> <p>Select the correct option below based on the assertion and reason given.</p> <p>Assertion(A): Land is considered to be a passive factor of production.</p> <p>Reason(R): Land can always produce everything out of its own in the land-based production process.</p> <p>(a) (A) is true, but (R) is false. (b) (A) is false, but (R) is true. (c) Both (A) and (R) are true, but (R) is not the correct explanation of (A). (d) Both (A) and (R) are false, and (R) is the correct explanation for (A).</p> <p style="text-align: right;">[Analysis]</p>

[Factors of Production]



Identify the above pictures and state the type of farming depicted.

- (a) Commercial farming
- (b) Jhum cultivation
- (c) Subsistence farming
- (d) Organic farming

[Recall & Understanding]

16. *[Factors of Production]*

Match the following:

Column I

Column II

- | | |
|----------------------|--------------------------------------|
| I. Physical capital | A. Alternative lines of production |
| II. Floating capital | B. Inputs required during production |
| III. Working capital | C. Asset specificity |
| IV. Sunk capital | D. Raw materials |
- (a) I-B, II-A, III-D, IV-C
 - (b) I-A, II-C, III-D, IV-B
 - (c) I-C, II-D, III-A, IV-B
 - (d) I-D, II-C, III-B, IV-A

[Understanding]

17. *[Factors of Production]*

Read the following passage below:





“On our watch, we have lost 28 trillion tonnes of Polar ice in less than 30 years. This unprecedented melting is activating global climate instability. We need to do all we can to protect the ice left.”

(Source: globalchoices.org)

Based on the information above, we can understand that the ecosystem is:

- (a) integration of only non-living factors of the environment.
- (b) integration of only living factors of the environment.
- (c) integration of both living and non-living factors of the environment.
- (d) integration of no factors of the environment.

[Understanding]

<p>18.</p>	<p><i>[Alternative Market Structures: Basic Concept]</i></p> <p>Expenses incurred on advertising for promoting sales of a product are called:</p> <p>(a) production costs (b) selling costs (c) distribution costs (d) material costs</p> <p style="text-align: right;">[Understanding]</p>
<p>19.</p>	<p><i>[Alternative Market Structures: Basic Concept]</i></p> <p>Which of the following statements is TRUE in the case of a Monopsony Market?</p> <p>(a) Firms are selling homogeneous products. (b) Transportation cost is absent. (c) Resources are perfectly mobile. (d) The buyer is the price-maker.</p> <p style="text-align: right;">[Analysis]</p>
<p>20.</p>	<p><i>[Alternative Market Structures: Basic Concept]</i></p> <p>Perfect mobility of factor services under perfect competition leads to:</p> <p>(a) absence of transport costs. (b) absence of product differentiation. (c) absence of price differentiation. (d) absence of selling costs.</p> <p style="text-align: right;">[Analysis]</p>
<p>21.</p>	<p><i>[Alternative Market Structures: Basic Concept]</i></p> <p>Identify the market form who earns supernormal profit in long-run:</p> <p>(a)  (b) </p> <p>(c)  (d) </p> <p style="text-align: right;">[Application]</p>

[Alternative Market Structures: Basic Concept]

Which of these features is found in a Monopoly Market and a Monopolistically Competitive Market?

- (a) No restrictions on entry and exit.
- (b) Faces negatively sloped market demand curve.
- (c) Earns normal profit in the long run.
- (d) Presence of closed substitute goods.

[Understanding]

23.

[Alternative Market Structures: Basic Concept]

Assertion (A): Consumers and producers have complete knowledge of market conditions in a perfectly competitive market.

Reasoning (R): There is a lack of information between both the buyers and sellers.

- (a) Both (A) and (R) are true and (R) is the correct explanation of (A).
- (b) Both (A) and (R) are true, but (R) is not the correct explanation of (A).
- (c) (A) is true, but (R) is false.
- (d) (A) is false, but (R) is true.

[Analysis]

24.

[Alternative Market Structures: Basic Concept]

Read the given statements carefully and choose the correct option:

Statement (A): A Monopolist may sell homogeneous or differentiated products, but there remains no close substitute for this product.

Statement (B): In a Perfectly Competitive Market, the buyers and sellers have perfect knowledge about the market conditions in the presence of non-price competition.

- (a) Both (A) and (B) are true.
- (b) Both (A) and (B) are false.
- (c) (A) is true, and (B) is false.
- (d) (A) is false, and (B) is true.

[Application]

25.

[Alternative Market Structures: Basic Concept]

Match the following:

- | | |
|--|--|
| I. Prices offered by the Hairdressing industry depend on the services they provide and their uniqueness. | A. Perfectly Competitive Market |
| II. NASA in charge of U.S science and technology. | B. Monopoly Market |
| III. Concession in Railway Tickets for senior citizens as compared to normal passengers. | C. Monopolistically Competitive Market |
| IV. The sellers have to quote the price that prevails in the market, which usually remains uniform. | D. Monopsony Market |

- (a) I-D, II-B, III-A, IV-C
- (b) I-B, II-C, III-A, IV-D
- (c) I-C, II-A, III-B, IV-B
- (d) I-C, II-D, III-B, IV-A

[Understanding]

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26.

[Alternative Market Structures: Basic Concept]

Read the following passage:

BRAHMOS is the first supersonic cruise missile known to be in service. Induction of the first version of BRAHMOS Weapon Complex in the Indian Navy commenced from 2005.

The IAF has successfully inducted BRAHMOS Air Launched Cruise Missile system armed with Sukhoi-30MKI frontline fighter aircraft.

(Source: Brahmos – Wikipedia)

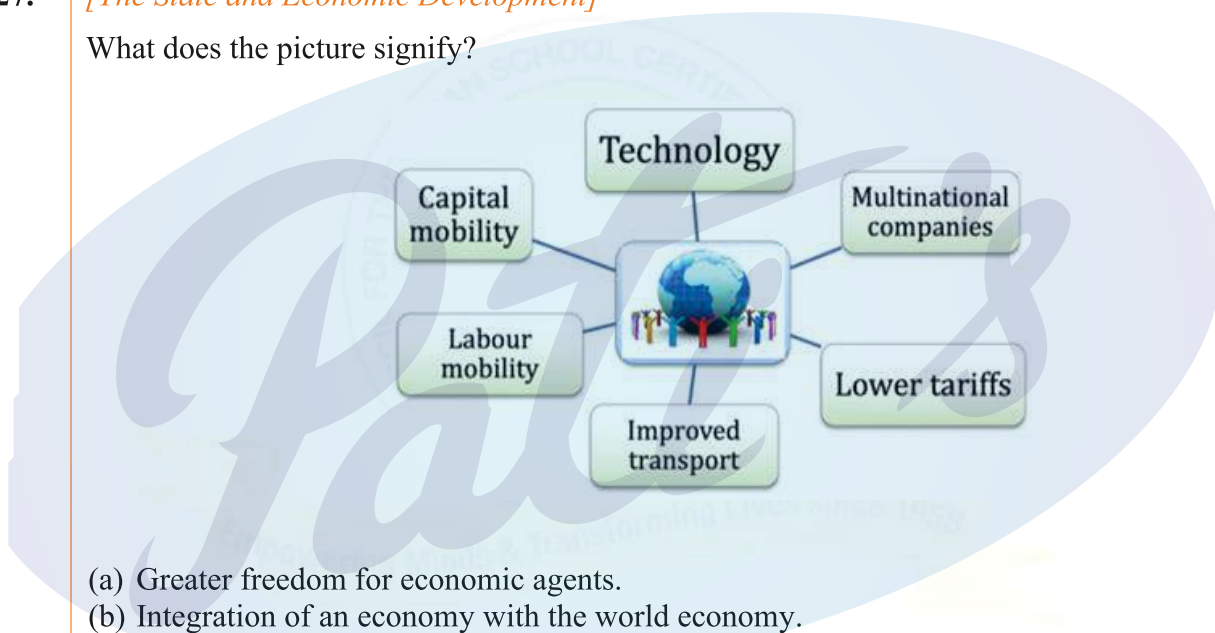
The market for such goods is generally known as:

- (a) Monopsony Market.
- (b) Monopolistically Competitive Market.
- (c) Perfectly Competitive Market.
- (d) Monopoly Market.

[Analysis]

27. *[The State and Economic Development]*

What does the picture signify?



- (a) Greater freedom for economic agents.
- (b) Integration of an economy with the world economy.
- (c) Unbalanced growth of an economy.
- (d) Balanced growth of an economy.

[Application]

28. *[The State and Economic Development]*

A government has no obligation towards its taxpayers. That is why a tax is:

- (a) without *quid pro quo*.
- (b) with *quid pro quo*.
- (c) a compulsory contribution.
- (d) an annual payment.

[Understanding]

<p>29.</p>	<p><i>[The State and Economic Development]</i></p> <p>Indirect taxes are regressive in nature because it:</p> <p>(a) falls more heavily on the poor. (b) is not transferable. (c) is levied on certain group of persons. (d) is a great possibility of tax evasion.</p> <p style="text-align: right;">[Understanding]</p>
<p>30.</p>	<p><i>[The State and Economic Development]</i></p> <p>Fiscal policy can be used to control inflation:</p> <p>(a) by lowering the tax rates. (b) by reducing the public expenditure. (c) by increasing the public expenditure. (d) by increasing transfer payment.</p> <p style="text-align: right;">[Understanding]</p>
<p>31.</p>	<p><i>[The State and Economic Development]</i></p> <p>Read the given statements carefully and choose the correct option:</p> <p>Assertion (A): The performance of some public sector undertakings in 2023 validates the government’s economic management and execution through state-owned enterprises.</p> <p>Reasoning(R): Governance reforms and the government's intention to trim ownership in Public sector undertakings promote efficiency.</p> <p>(a) A is true, but R is false. (b) A is false, but R is true. (c) Both A and R are true, and R explains A. (d) Both A and R are true, but R does not explain A.</p> <p style="text-align: right;">[Analysis]</p>
<p>32.</p>	<p><i>[The State and Economic Development]</i></p> <p>To overcome the difficulties faced by the public in the transport system, the government of India started the metro project in which the government involved private sector participation to get the benefits of efficiency of the private sector. Which argument in favour of privatisation is emphasised here?</p> <p>(a) Flexibility in decision-making. (b) To reduce budgetary deficit. (c) Consumer satisfaction. (d) Greater investment, employment and income opportunities.</p> <p style="text-align: right;">[Application]</p>

[The State and Economic Development]

Match the Following:

- | | |
|--|---------------------|
| I. The rate of tax remains the same. | A. Degressive tax |
| II. The rate of tax increases up to a certain limit; later, a uniform rate is charged. | B. Proportional Tax |
| III. Rate of tax decreases as income increases. | C. Progressive tax |
| IV. The rate of tax increases as income increases. | D. Repressive tax. |

- (a) I-D, II-C, III-B, IV-A
 (b) I-B, II-D, III-A, IV-C
 (c) I-C, II-A, III-D, IV-B
 (d) I-B, II-A, III-D, IV-C

[Understanding]

34.

[The State and Economic Development]

Some state governments tend to have a duality in their approach towards the strategic disinvestment of public sector enterprises even as they go all out to attract private investors by holding large investment summits with offers of land parcels and myriad sops, a top finance ministry official flagged on Monday.

(Source: The Hindu, Feb 5, 2024)

Which role of public sector undertakings is reflected in this context?

- (a) Check on economic powers.
 (b) Export promotion and import substitution.
 (c) Infrastructure.
 (d) Economic planning.

[Analysis & Understanding]

35.

[The State and Economic Development]

Investors have brought enthusiastically in India's public sector and have been rewarded handsomely for their efforts.

(Source: The Economic Times, Jan 01, 2024)

Which of the arguments in favour of privatisation is mentioned in the statement?

- (a) Lack of market orientation.
 (b) Inflexibility in investment decisions.
 (c) Creation of a competitive environment.
 (d) Greater flow of funds to the public exchequer.

[Understanding]

[Money and Banking: Basic Concepts]

The account which is mostly used by traders:

- (a) Trading account.
- (b) Current account.
- (c) Savings account.
- (d) Recurring account.

[Recall]

37. *[Money and Banking: Basic Concepts]*

Which of the following is an impact due to an increase in CRR on loanable funds?

- (a) Loanable funds will decrease.
- (b) Loanable funds will increase.
- (c) No change in loanable funds.
- (d) Commercial banks will reduce restrictions on loans.

[Understanding]

38. *[Money and Banking: Basic Concepts]*



Which function of money can be explained through the given image?

- (a) Store of wealth.
- (b) Store of value.
- (c) Transfer of wealth.
- (d) Transfer of value.

[Application]

39. *[Money and Banking: Basic Concepts]*

The annual inflation rate in Japan fell from 2.8% to 2.6% in December 2023. The inflation in Japan is an example of:

- (a) walking inflation.
- (b) creeping inflation.
- (c) running inflation.
- (d) hyper-inflation.

[Recall]

<p>40.</p>	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>Read the given statements carefully and choose the correct option:</p> <p>Assertion (A): During inflation, creditors lose while debtors gain.</p> <p>Reasoning(R): Inflation is the sustained increase in the general price level.</p> <p>(a) Both A and R are true, and R is the correct explanation for A. (b) Both A and R are true, but R is not the correct explanation for A. (c) A is true, but R is false. (d) A is false, but R is true.</p> <p style="text-align: right;">[Application]</p>								
<p>41.</p>	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>Match the following:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">I. Money</td> <td style="width: 50%;">A. Value of commodities expressed in terms of money</td> </tr> <tr> <td>II. Coin</td> <td>B. Universal medium of exchange</td> </tr> <tr> <td>III. Paper notes</td> <td>C. Limited legal tender</td> </tr> <tr> <td>IV. Unit of account</td> <td>D. Unlimited legal tender</td> </tr> </table> <p>(a) I-C, II-D, III-A, IV-B (b) I-D, II-A, III-B, IV-C (c) I-B, II-C, III-D, IV-A (d) I-B, II-D, III-A, IV-C</p> <p style="text-align: right;">[Understanding]</p>	I. Money	A. Value of commodities expressed in terms of money	II. Coin	B. Universal medium of exchange	III. Paper notes	C. Limited legal tender	IV. Unit of account	D. Unlimited legal tender
I. Money	A. Value of commodities expressed in terms of money								
II. Coin	B. Universal medium of exchange								
III. Paper notes	C. Limited legal tender								
IV. Unit of account	D. Unlimited legal tender								
<p>42.</p>	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>Mr. X purchases a new mobile phone and makes the payment using a credit card.</p> <p>Which function of money has been highlighted in the above example?</p> <p>(a) Transfer of money. (b) Standard of deferred payment. (c) Transfer of value. (d) Store of value.</p> <p style="text-align: right;">[Application]</p>								
<p>43.</p>	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>‘Turkish inflation soars ahead of local elections.’</p> <p>(Source: First Post, 6th March, 2024)</p> <p>If inflation is to be combated, which one of the following measures can be adopted by the Turkish Government?</p> <p>(a) Central Bank raises its key interest rate. (b) Central Bank urges people to spend less. (c) Central Bank lowers its key interest rate. (d) Central Bank urges people to spend more.</p> <p style="text-align: right;">[Application]</p>								

[Money and Banking: Basic Concepts]

‘India’s nominal growth rate in 2023-24, as per the Centre’s second advance estimate of GDP, will be 9.1%. Real growth is estimated at 7.6%. The difference between the two is an account of economy wide inflation.’

(Source: Livemint, 05 March, 2024)

Which of the following statements is TRUE based on the above information?

- (a) Borrowers gain due to a fall in the real value of money.
- (b) Lenders lose due to a fall in the real value of money.
- (c) Inflation benefits the fixed-income earners.
- (d) Both (a) and (b).

[Analysis]

Very Short Answer Questions (2 marks)

S.No.	Questions
45.	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>The warehouses of the Food Corporation of India have been flooded in the recent rains in Chennai in November / December 2023. With the help of a diagram, explain the impact on the supply of essential foodgrains for the ration shops located there. [Application]</p>
46.	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Take examples of a pair of substitute and complementary goods in which one good is common in both cases.</p> <p>Find out the impact on demand in both cases if the price of the common good goes up. [Understanding]</p>
47.	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>An ENT specialist was charging ₹800/- as consultation fees, and on average, he was having 100 patients every month. He recently revised the fees to ₹1000/- due to additional investment in medical equipment.</p> <p>It was observed that the turnout of patients, despite the hike in fees, rose to 130 a month.</p> <ul style="list-style-type: none"> (a) Find out the elasticity of demand by percentage method for the above. (b) Is the information in conformity with the law of demand? [Application]

S.No.	Questions												
<p>48.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Differentiate between a decrease in demand and a contraction in demand in accordance with the following schedules:</p> <p>(a)</p> <table border="1" data-bbox="359 443 871 725"> <tr> <td>Price (Rupees)</td> <td>10</td> <td>10</td> </tr> <tr> <td>Quantity Demanded (Units)</td> <td>10</td> <td>5</td> </tr> </table> <p>(b)</p> <table border="1" data-bbox="359 779 871 1061"> <tr> <td>Price (Rupees)</td> <td>10</td> <td>15</td> </tr> <tr> <td>Quantity Demanded (Units)</td> <td>10</td> <td>5</td> </tr> </table> <p style="text-align: right;">[Understanding]</p>	Price (Rupees)	10	10	Quantity Demanded (Units)	10	5	Price (Rupees)	10	15	Quantity Demanded (Units)	10	5
Price (Rupees)	10	10											
Quantity Demanded (Units)	10	5											
Price (Rupees)	10	15											
Quantity Demanded (Units)	10	5											
<p>49.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>All the linear supply curves passing through the origin have unitary elastic supply, irrespective of the angle formed. Justify.</p> <p style="text-align: right;">[Understanding]</p>												
<p>50.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>“The efficiency of workers in India is observed to be lower than that in the economically advanced countries.”</p> <p>Explain the causes of low efficiency of workers based on:</p> <p>(a) Climate. (b) Inadequate training facility.</p> <p style="text-align: right;">[Recall & Understanding]</p>												
<p>51.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>“Entrepreneurs are innovators.” - Schumpeter. Explain.</p> <p style="text-align: right;">[Understanding]</p>												

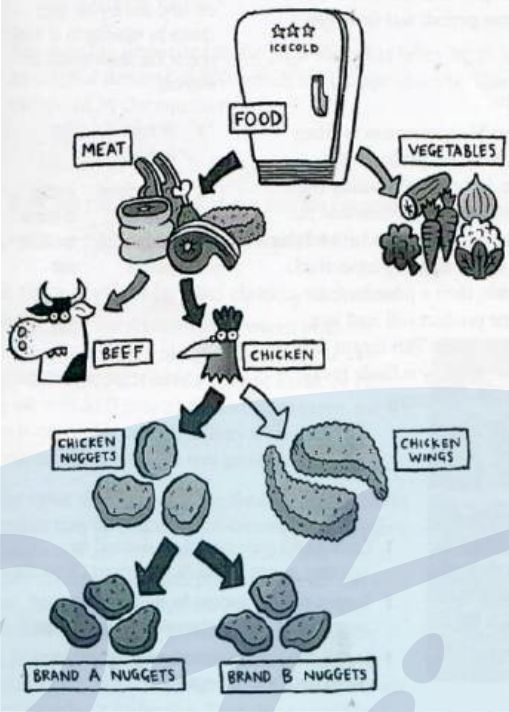
S.No.	Questions
<p>52.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>Observing the picture below, do you think that insecurity of tenancy rights will affect land productivity?</p> <div data-bbox="529 421 1002 680" style="text-align: center;">  </div> <p style="text-align: right;">[Understanding & Application]</p>
<p>53.</p>	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>On the basis of (a) the degree of competition and (b) the nature of the product produced, differentiate between Monopoly and Monopolistically Competitive Market.</p> <p style="text-align: right;">[Understanding]</p>
<p>54.</p>	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>After-sales services - such as extended warranty, free repairs, etc.- are often an element of non-price competition. Justify whether the above statement is true/false. Give reasons.</p> <p style="text-align: right;">[Understanding]</p>
<p>55.</p>	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>What is the implication of the freedom of entry and exit enjoyed by a firm under Perfect Competition?</p> <p style="text-align: right;">[Analysis]</p>
<p>56.</p>	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>Tata Motors may be a single buyer of some truck components from a number of firms set up exclusively to supply these components to Tata Motors. Identify the market form with reasons.</p> <p style="text-align: right;">[Analysis]</p>


S.No.	Questions
57.	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>Analyse the given picture. What is it referring to, and what are its implications?</p> <div data-bbox="523 365 1010 775" data-label="Image"> </div> <p style="text-align: right;">[Application]</p>
58.	<p><i>[The State and Economic Development]</i></p> <p>Privatisation promotes competition. How is it beneficial for the economy?</p> <p style="text-align: right;">[Application]</p>
59.	<p><i>[The State and Economic Development]</i></p> <p>Which type of tax is more elastic in nature? Briefly describe.</p> <p style="text-align: right;">[Recall]</p>
60.	<p><i>[The State and Economic Development]</i></p> <p>The formation of a price policy for economic development is no longer an academic exercise in India. State whether the statement is true or false and justify your answer.</p> <p style="text-align: right;">[Analysis]</p>
61.	<p><i>[The State and Economic Development]</i></p> <p>State <i>two</i> social security measures developed by the government for the well - being of its citizens.</p> <p style="text-align: right;">[Understanding]</p>
62.	<p><i>[The State and Economic Development]</i></p> <p>Suppose the government decided to use tax cuts to expand the economy and was debating whether to direct tax cuts to high-income households or to low- and middle-income households. Which choice would provide a greater stimulus? Why?</p> <p style="text-align: right;">[Application]</p>
63.	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>A depositor is allowed to withdraw more money than what is there in his account.</p> <p>(a) What is this facility called? (b) In which type of account is it permitted?</p> <p style="text-align: right;">[Understanding]</p>
64.	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>‘The Central Bank tries to regulate the flow of credit by means of requests rather than directives.’ Explain.</p> <p style="text-align: right;">[Understanding]</p>

S.No.	Questions
65.	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>How do Commercial Banks act as agents of their depositors? [Understanding]</p>
66.	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>What are short-term loans? Give another name for such loans. [Understanding]</p>
67.	<p><i>[Money and Banking: Basic Concepts]</i></p> <p>Who has the sole authority of note issue? Give a reason to justify your answer. [Understanding]</p>




Long Answer Questions (7 Marks)

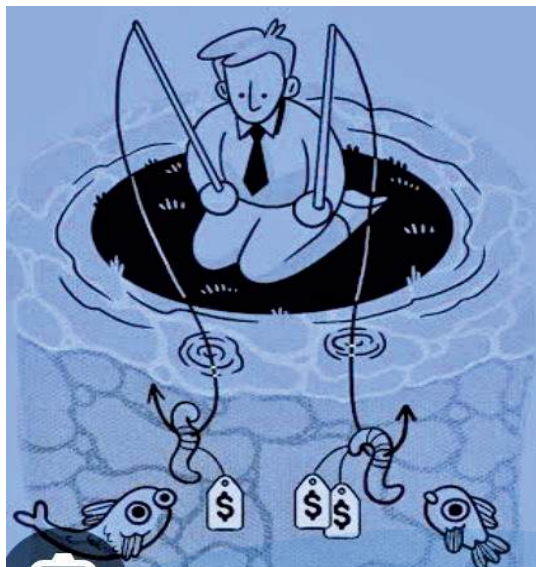
S.No.	Questions
<p>68.</p>	<p><i>[Demand and Supply: Basic Concepts]</i></p>  <p>Consider the image and answer the questions that follow.</p> <p>(a) Define price elasticity of demand. [Recall]</p> <p>(b) What is the formula for price elasticity of demand? [Application]</p> <p>(c) Mention with reason what would be the price elasticity of demand for food. [Analysis]</p> <p>(d) What would be the price elasticity of demand for meat, and explain the reason behind it? [Analysis]</p> <p>(e) What would be the elasticity of demand for Brand A Nuggets? [Analysis]</p>
<p>69.</p>	<p><i>[Factors of Production]</i></p> <p>(a) Define Production. [Understanding]</p> <p>(b) State the difference between Marginal and Average productivity of Land. [Analysis]</p> <p>(c) Explain <i>any two</i> characteristics of Capital. [Recall]</p>

S.No.	Questions
70.	<p><i>[Alternative Market Structures: Basic Concepts]</i></p> <p>Read the following passage:</p> <p>Hindustan Unilever Limited (HUL) being the leading company, holds the largest share in the Indian market. HUL has a strong market base which is spread strategically in all the market segments under soaps and detergents in terms of size, colour, packaging etc. due to so many brands by HUL.</p> <p>(Source: E.T Bulletin)</p> <p>(a) What type of market structure HUL belongs to? [Understanding]</p> <p>(b) Identify the typical characteristic feature of the market which has been described above and briefly explain that feature. [Analysis]</p> <p>(c) Explain in brief, the following three features of the above market</p> <ol style="list-style-type: none"> (i) Number of buyers and sellers. (ii) Importance of advertisement expenses. (iii) Practicability. [Understanding]
71.	<p><i>[The State and Economic Development]</i></p> <p>(a) Explain the differences between monetary policy and fiscal policy. [Application]</p> <p>(b) With reference to the public sector undertakings, clarify the following statements:</p> <ol style="list-style-type: none"> (i) the choice of technology has not always been rational and farsighted. [Analysis] (ii) interference of politicians and other government agencies. [Analysis]
72.	<p><i>[Money and Banking: Basic Concepts]</i></p> <div style="text-align: center;">  </div> <p>Based on the image above, answer the following.</p> <p>(a) What has caused inflation in the economy, as observed in the above image? [Analysis]</p> <p>(b) Which bank can help bring the current situation under control? [Application]</p> <p>(c) How does the bank use the repo rate to control the given situation? Name another such measure which can play the same role. [Understanding & Recall]</p> <p>(d) What role can Government bonds play to control the given situation? [Application]</p>

Very Long Answer Questions (8 Marks)

S.No.	Questions
73.	<p><i>[Demand and Supply: Basic Concepts]</i></p> <p>(a) Explain the concept of price elasticity of supply. [Recall]</p> <p>(b) Comment on the coefficient of price elasticity of supply. [Understanding]</p> <p>(c) Explain the following factors as determinants of elasticity of supply:</p> <p style="padding-left: 20px;">(i) Nature of techniques of production.</p> <p style="padding-left: 20px;">(ii) Time element.</p> <p style="padding-left: 20px;">(iii) Factor mobility. [Understanding]</p>
74.	<p><i>[Factors of Production]</i></p> <div style="text-align: center;">  </div> <p>Identify the above image and answer the following questions:</p> <p>(a) What aspect of the economy does the above image signify? [Understanding]</p> <p>(b) State their differences with land. <i>(Any three)</i> [Recall]</p> <p>(c) Explain <i>any three</i> roles of an entrepreneur in Economic Development. [Analysis]</p>

75. *[Alternative Market Structures: Basic Concepts]*



Consider the above image and answer the following questions:

- (a) What sort of market does the picture depict? State *two* important features of that market. [Application]
- (b) What particular feature of the market is shown in the picture? In brief, explain this special feature. [Analysis]
- (c) Mention *any two* points of difference between a Perfectly Competitive Market and a Monopolistically Competitive Market. [Understanding]

76. *[The State and Economic Development]*

- (a) Define public sector enterprise. Give an example. [Understanding]
- (b) The government had been relying increasingly on seeking the services of private sector talents to manage public enterprises. In this context, explain:
 - (i) reduction in budgetary deficit.
 - (ii) greater flexibility in decision-making.
 - (iii) improvement in managerial efficiency. [Application]

77. *[Money and Banking: Basic Concepts]*

Referring to the Reserve Bank of India's (RBI) regulatory action on Paytm Payments Bank, Union Minister Rajeev Chandrasekhar said that regulatory compliance cannot be "optional" for companies rather it is an aspect every entrepreneur must pay full attention to, reported *PTI*.

(Source: Livemint, 18th February 2024)

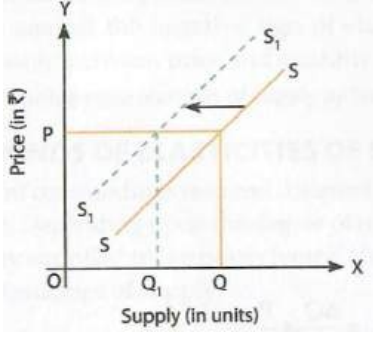
- (a) Which particular role of the RBI has been highlighted in the above passage? Explain. **[Analysis]**
- (b) Which kind of credit control measure has been adopted by the RBI in the above case? **[Analysis & Application]**
- (c) Explain *any two* other credit control instruments used by the RBI to control the direction and flow of credit in the economy. **[Recall & Understanding]**



Answer Key

S.No.	Expected Answer
1.	(c) Normal good, inferior good.
2.	(d) elasticity of demand = 1
3.	(c) an upward movement along the supply curve.
4.	(c) + 1.2
5.	(b)
6.	(a) Both A and R are true, and R is the correct explanation of A.
7.	(b) Exception to the law of demand.
8.	(c) I-B, II-D, III-A, IV-C
9.	(d) Increase in demand for cycles.
10.	(b) Soil Erosion
11.	(c) labour has alternative uses
12.	(c) Savings
13.	(c) Both (A) and (R) are true, and (R) is the correct explanation for (A).
14.	(a) (A) is true, but (R) is false.
15.	(b) Jhum cultivation
16.	(a) I-B, II-A, III-D, IV-C
17.	(c) integration of both living and non-living factors of the environment.
18.	(b) Selling Costs
19.	(d) The buyer is the price-maker.
20.	(c) absence of price differentiation.

S.No.	Expected Answer
21.	(a) 
22.	(b) Faces negatively sloped market demand curve.
23.	(c) (A) is true, but (R) is false.
24.	(c) (A) is true, and (B) is false.
25.	(d) I-C, II-D, III-B, IV-A
26.	(a) Monopsony Market.
27.	(b) Integration of an economy with the world economy.
28.	(a) without <i>quid pro quo</i> .
29.	(a) falls more heavily on the poor.
30.	(b) by lowering the tax rates.
31.	(c) Both A and R are true, and R explains A.
32.	(d) Greater investment, employment and income opportunities.
33.	(d) I-B, II-A, III-D, IV-C
34.	(a) Check on economic powers.
35.	(d) Greater flow of funds to the public exchequer.
36.	(b) Current account.
37.	(a) Loanable funds will decrease.
38.	(b) Store of value.
39.	(b) creeping inflation.
40.	(b) Both A and R are true, but R is not the correct explanation for A.
41.	(b) I-D, II-A, III-B, IV-C
42.	(b) Standard of deferred payment.
43.	(a) Central Bank raises its key interest rate.

S.No.	Expected Answer
44.	(d) Both (a) and (b).
45.	<p>Decrease in supply. Leftward shift of the supply curve.</p> 
46.	<p>Car and petrol - complimentary goods. Petrol and diesel - substitute goods. If price of petrol goes up:</p> <ul style="list-style-type: none"> • demand for car falls, • demand for diesel rises.
47.	<p>(a)</p> $e_d = (-) \frac{\Delta Q}{\Delta P} * \frac{P}{Q}$ $= 30/200 * 800/100$ $= 24/20$ $= 1.2$ <p>(b) No. It is an exception to the law of demand.</p>
48.	<p>(a) It refers to a fall in the demand for a commodity caused by any factor other than the price of the commodity. There will be a leftward shift in the demand curve.</p> <p>(b) It refers to the fall in quantity demanded of a commodity due to an increase in the price, keeping all other factors constant. There will be an upward movement along the same demand curve.</p>
49.	In all the cases, the percentage change in quantity supplied equals the percentage change in price, which makes the elasticity of supply 1.
50.	<p>(a) <u>Climate</u>: The hot and humid climate of most of the states of India deprives the people of the capacity to work hard and display high efficiency</p> <p>(b) <u>Inadequate Training Facility</u>: In dearth of a training facility, one who wishes to receive special training cannot do so as the availability is limited.</p>

S.No.	Expected Answer
51.	When new inventions are applied in the production process by entrepreneurs either to evolve new processes or new products, it is called innovations. For Example, applications of computer programmes for architectural designs, etc.
52.	The answer is yes. If the tenant is not sure whether his/her tenancy will be renewed next year, he will not be eager to undertake investment this year, as by the time the investment starts yielding results, he may not remain the tenant.
53.	(a) <u>Monopoly</u> : There is no competition <u>Monopolistically Competitive Market</u> : There exists a higher degree of competition. (b) <u>Monopoly</u> : Sells homogeneous or differentiated products. <u>Monopolistically Competitive Market</u> : Differentiated products are close substitutes for one another.
54.	The statement is true. In non-price competition, rival firms compete with each other without changing the price of the products and incur expenditure on advertisement, sales promotion, and after-sales services to grab the market share.
55.	In the long run, firms can only earn normal profits. In the short run, few firms earn abnormal profits, so new firms will enter, and market supply will increase, and with the fall in the market price, extra profits will be wiped out. Similarly, for short-run losses, firms can freely leave the market, and losses will be wiped out.
56.	Monopsony Market. Tata Motors, being a single buyer, purchases some specialised truck components from a number of small local firms set up exclusively to produce these components.
57.	The given picture describes a Monopoly Market , where there is only one seller controlling the entire market supply, which has a significant influence on the market price.
58.	Competition induces the upgradation of modernisation, which is essential for growth and development. Keeping prices low and the quality and choice of goods and services high.
59.	Progressive tax. Taxes in which the rate of tax increases, with the increase in tax base, are called progressive taxes. The tax rate increases with the increase in income.
60.	True, The pricing policies have not been rational. Public sector enterprises do not bother about making a profit as they give more importance to the motive of social welfare.
61.	Mahatma Gandhi National Rural Employment Guarantee Scheme, Pradhan Mantri Jeevan Jyoti Bima Yojna.

S.No.	Expected Answer
62.	The choice of the direct tax cut to be focused on low- and middle-income households who tend to have a higher propensity to spend out of their income than do high-income.
63.	(a) Overdraft facility (b) Current account
64.	Moral suasion: It is a moral appeal by the Central Bank to commercial banks urging them to restrain from certain lines of credit operations.
65.	Banks provide different types of agency functions to its customers: <ul style="list-style-type: none"> ● making various types of payments. ● collecting various types of payments. ● selling and purchasing securities. ● sell and purchase of foreign exchange. ● sell and purchase of certificates. ● acting as trustees and executors of wills.
66.	Banks provide short-term loans for a fixed period. The entire amount sanctioned is credited to the borrower's account. He pays interest on the entire amount borrowed. Outright Loans.
67.	RBI Commercial banks do not possess this power as they are profit-maximising firms that can manipulate the number of paper notes to suit their objectives. Due to the occasional change of government, the government does not possess this power either. <i>(Any relevant points supporting the answer are to be accepted)</i>
68.	(a) Definition (degree of responsiveness of the change in quantity demanded due to change in price). (b) $e_d = (-) \frac{\Delta Q}{\Delta P} * P/Q$ (c) Inelastic Demand - Necessary good (d) Relatively Elastic - Availability of substitutes (e) Relatively Elastic - Availability of substitutes

S.No.	Expected Answer
69.	<p>(a) By production, we mean the process of creating goods and services. It is a process in which some materials are transformed from one form to another. It also means the creation of utility.</p> <p>(b)</p> <div style="border: 1px solid black; padding: 10px;"> <p>Average Productivity- it means the output obtained from land divided by the area of land.</p> <p>E.g., if 50 quintals of bajra are produced in 10 hectares of land, then the average productivity is 5 quintals.</p> <p>Marginal Productivity- it means the increase in the output obtained from land when the area of land used increases by one unit.</p> <p>E.g., if the land area under bajra cultivation increases to 11 hectares and bajra production rises to 56 quintals, then marginal productivity is 6 quintals (56-50=6).</p> </div> <p>(c) (Any two characteristics out of the following)</p> <ul style="list-style-type: none"> • Capital is the mixed result of past labour. • Capital is productive. • Capital is the result of past savings. • Use of capital generates the possibility of earning income in future. • Capital depreciates. • Supply of capital varies overtime. • Production of capital involves some cost. • Capital is a passive factor of production. <p>(Any other relevant point)</p>
70.	<p>(a) HUL belongs to Monopolistic competition.</p> <p>(b) Product Differentiation. The purpose of product differentiation is to make the product unique in the minds of the consumers. This can be done through attractive advertisements, packaging, market research regarding consumers' preferences, etc. This is called fancied product differentiation (e.g., some consumers may think that Dove soap is better than Lux). However, if this method is followed by improving the quality of after-sales service, quality of inputs used, etc., it is called real differentiation.</p> <p>(c) (i) <u>Number of buyers and sellers</u>: Large number of buyers and sellers, where each firm produces a relatively small share of the total market</p> <p>(ii) <u>Importance of advertisement expenses</u>: Substantial. Advertisement cost is the expenditure incurred by a firm to promote the sale of its product through various sales production measures</p> <p>(iii) <u>Practicability</u>: It is a real market situation which we come across in our day-to-day life</p>

S.No.	Expected Answer
71.	<p><u>Fiscal policy</u></p> <p>Fiscal policy is a policy under which the government uses its expenditure and revenue programmes to produce desirable effects and avoid undesirable effects on national income, production and employment.</p> <p><u>Monetary policy</u></p> <p>Monetary policy comprises those decisions of the government which directly influence the volume and composition of money, the size and distribution of credit, the level and structure of interest rates and the direct and indirect effect of these monetary variables upon related factors such as saving and investment and determination of price, output, income and employment.</p> <p>(a) Technical problems</p> <p>Technical considerations have not been given due weightage in the establishment of public enterprises.</p> <p>(b) Political Interference</p> <p>Public enterprises are provided autonomy in their work, but in practice, the government, the ministers, the politicians and other government agencies constantly interfere in their day-to-day activity. These results in inefficient functionality and poor performance of the enterprises.</p>
72.	<p>(a) Rising food prices have caused an increase in the general price level in the economy.</p> <p>(b) RBI.</p> <p>(iii) Repo rate is the interest rate charged by the RBI for lending for a short term to Commercial banks. The RBI increases the repo rate to discourage commercial banks from borrowing, thereby reducing the flow of credit in the economy.</p> <p>Another measure:</p> <p>Bank rate/Reverse repo rate.</p> <p>(d) The Central Bank sells government securities in the open market to pump out the excess liquidity from the system.</p>
73.	<p>(a) Definition</p> <p>(b) Positive because of the direct relationship between price and quantity supplied</p> <p>(c)</p> <p>(i) Complex/outdated production technique - inelastic supply. Advanced/simple/modern technique of production - elastic supply.</p> <p>(ii) Short run - relatively inelastic supply. Long run - elastic supply.</p> <p>(iii) Higher the factor mobility, which is a relatively elastic supply. Restrictive mobility - relatively inelastic supply.</p>

Expected Answer

74. (a) The statement is Labour. When any individual applies his or her physical or mental efforts in the production process and earns income, it is treated as labour in economics.

(b)

Land	Labour
1. The labour power cannot be separated from the labourer	1.The landowner is however a different entity from the land owned by him.
2. The labour power cannot be accumulated.	2. The land owner can accumulate the amount of land he owns.
3. The labour is mobile.	3.Land is immobile.
4. Human labour carries an element of judgment with it.	4.Land, as a factor of production, carries no such element of judgement or intelligence.
5. Supply of labour remains fixed during the short run, but with growth in population, its supply increases in the long run.	5. The supply of land can be increased during a short run through the reclamation of land, but the total quantity of potentially usable land in a country remains fixed.

(c) The role of the Entrepreneur are as follows (*any three*):

- New innovations and industrialisation.
- Infusing dynamism in the production system.
- Recycling of profits for productive investment.
- Generating competitive strength in an industry and higher export income.
- Efficient use of available resources.
- Government entrepreneurship and fulfilment of social needs.
- Government entrepreneurship and the infrastructural facilities.

(*Any other relevant point*)

S.No.	Expected Answer
<p>75.</p>	<p>(a) Monopoly Market. Features: (i) Single seller, many buyers (ii) A Monopolist is a price-setter</p> <p>(b) Price Discrimination. It refers to a situation when a producer sells the same product to different buyers at two (or more) different prices in different markets. Different sets of consumers - rich and poor - have different price elasticity of demand for the monopolist's product. (For instance, the State Electricity Board provides electricity at cheaper rates for agricultural use than for domestic use)</p> <p>(c) Difference : (i) <u>Perfectly Competitive Market</u>: Sellers produce homogeneous products which are perfect substitute <u>Monopolistically Competitive Market :</u> Sellers produce differentiated products which are close substitute (ii) <u>Perfectly Competitive Market</u>: Consumers, producers and owners of factor services have perfect knowledge about the market conditions <u>Monopolistically Competitive Market :</u> Imperfect knowledge of the market conditions</p>
<p>76.</p>	<p>Public sector enterprise is an enterprise which is owned, managed and controlled by the government. It may be a central government, state government or local government. Eg: Railways.</p> <p>(i) Reduction in the budgetary deficit. The budgetary deficit of PSUs has sharply increased from year to year. There for the government can control its staggering budgetary deficit by using the sale proceeds on the shares in PSUs</p> <p>(ii) Greater flexibility in decision-making. Usually, the public sector suffers from red tape in decision-making, whereas the private sector leads to quick decision-making.</p> <p>(iii) Improvement in managerial efficiency. Privatisation is a means of improvement in managerial efficacy because it is almost free from political interference.</p>

77.

(a) Supervisory role of the RBI- It carries out the responsibilities of supervising the working of all financial institutions in the country to examine the account books or inspect the activities of any financial institution at any time.

(b) Qualitative credit control measure - Direct Action.

This policy is used by the Central Bank against erring banks, which can take the form of refusal of loans from the Central Bank, refusal of rediscounting facilities, charging a penal rate of interest etc.

(c) Two other measures:

- regulation of consumer credit
- regulation of margin requirement
- credit rationing
- moral suasion
- publicity
- differential rates of interest

(Any two measures to be explained)

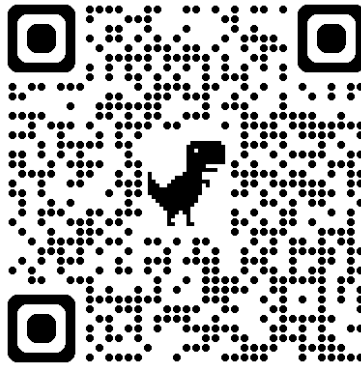


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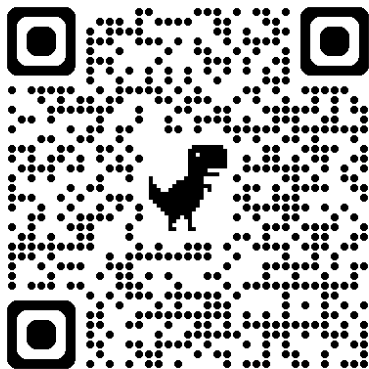
History/Civics



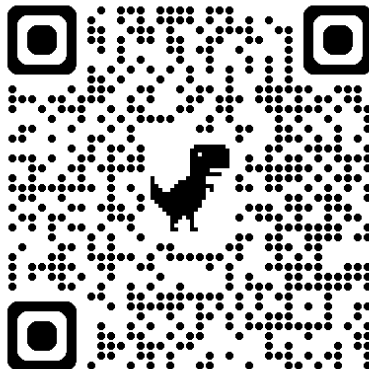
Geography



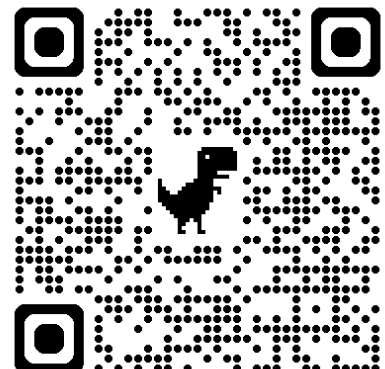
Maths



Physics



Chemistry



Biology



Hindi



Physical
Education



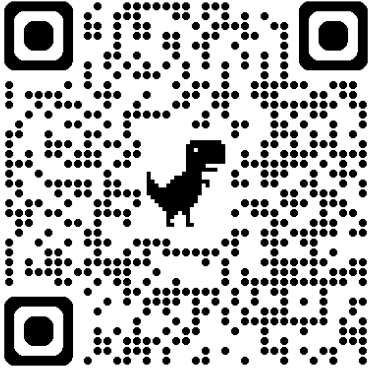
Computer
Applications





Prepare for ICSE CLASS 10
Free Resources

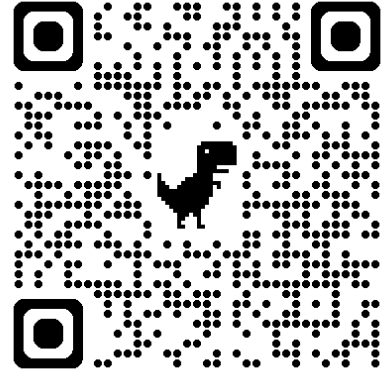
SCAN QR CODE Now



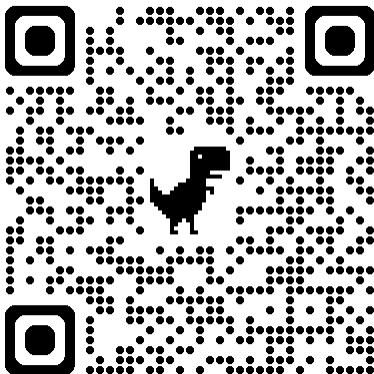
Economics



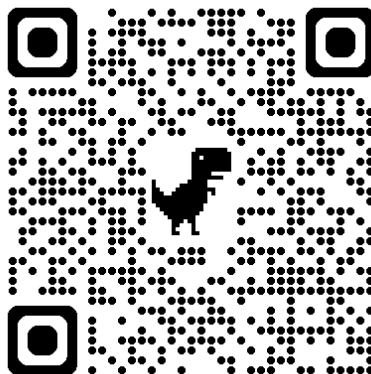
Commercial
Studies



French



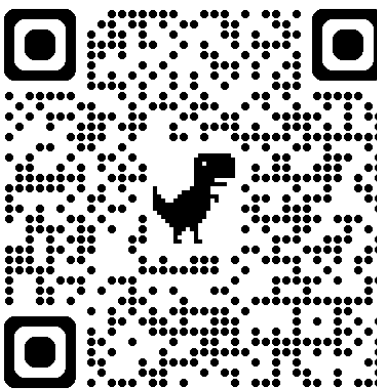
Robotics & AI



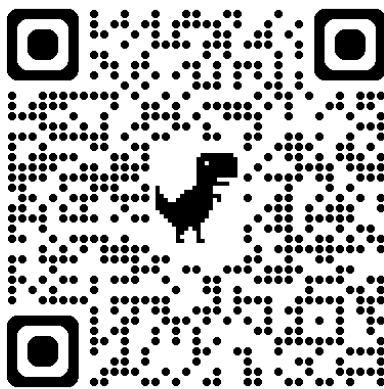
Home Science



EVS



Marathi



Gujarati



Odiya



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