### **ICSE SEMESTER 2 EXAMINATION**

### SPECIMEN QUESTION PAPER

### **ECONOMIC APPLICATIONS**

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.

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 [].

#### **SECTION A**

(Attempt **all** questions)

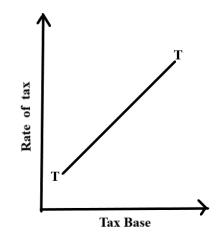
#### **Question 1**

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

- (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 <i>galloping inflation</i> ?	[2]
(iii)	State three differences between a Commercial bank and a Central bank.	[3]
(iv)	What type of tax is <i>Goods and Services Tax</i> ? 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]