

ICSE SEMESTER 1 EXAMINATION
SPECIMEN QUESTION PAPER
ECONOMIC APPLICATIONS

Maximum Marks: 50

Time allowed: One hour (inclusive of reading time)

ALL QUESTIONS ARE COMPULSORY.

The marks intended for questions are given in brackets [].

Select the correct option for each of the following questions.

Question 1 [1]

Which of the following is not a determinant of demand?

1. Income of the consumer
2. Price of related goods
3. Technology used to produce the good.
4. Size of population

Question 2 [1]

A market where homogenous products are sold with no control over price by an individual firm or a buyer is:

1. Monopolistically competitive market
2. Perfectly competitive market
3. Monopoly
4. Monopsony

Question 3 [1]

What is the implication of a vertical demand curve?

1. Perfectly inelastic demand
2. Perfectly elastic demand
3. Relatively inelastic demand
4. Unitary elastic demand

Question 4 [1]

As a result of a 5% increase in price, the demand for commodity X increases by 12%.
The Price Elasticity of the commodity will be:

1. $e_p > 1$
2. $e_p < 1$
3. $e_p = 1$
4. $e_p = \infty$

Question 5 [1]

Observe the relationship of the first pair of words and complete the second pair:
Single seller in the market: Monopoly

Single buyer in the market : _____

1. Duopoly
2. Monopolistic
3. Monopsony
4. None of the above

Question 6 [1]

Savings is essential for capital formation.

1. True
2. False

Question 7 [1]

The seller in a perfect market is a Price maker.

1. True
2. False

Question 8 [1]

Tick the one which does not belong to the following group:

1. Land
2. Interest
3. Labour
4. Entrepreneur

Question 9

[1]

Choose the correct term for the given definition:

The ratio between the percentage change in supply to a percentage change in price.

1. Law of Demand
2. Law of Supply
3. Elasticity of Demand
4. Elasticity of supply

Question 10

[1]

Observe the relationship of the first pair of words and complete the second pair:

Office furniture : Fixed capital

Power for running the plant : _____

1. Remunerative capital
2. Circulating capital
3. Debt capital
4. Sunk capital

Question 11

[1]

Choose the correct term for the given definition:

Any activity which creates present and future utility.

1. Development
2. Production
3. Consumption
4. Distribution

Question 12

[1]

Which of these feature's is found in both a perfectly competitive market and a monopolistically competitive market?

1. No restriction on entry and exit
2. Imperfect knowledge
3. Homogeneous goods
4. Presence of selling costs

Question 13

[1]

The market demand curve is a _____ summation of all individual demand curves.

1. Vertical
2. Lateral
3. Downward
4. None of the above

Question 14

[1]

Shifting cultivation involves -

1. Clearing of forests
2. Burning of trees
3. Movement from one place to another
4. All of the above

Question 15

[1]

The goods whose demand decreases as income increases.

1. Luxuries
2. Giffen goods
3. Inferior goods
4. Necessities

Question 16

[1]

Which among the following is a feature of a Monopsony market:

1. Price discrimination
2. Single buyer
3. Single seller
4. Price taker

Question 17

[1]

Land is considered a passive factor of production because:

1. It is a free gift of nature
2. It is heterogeneous
3. It is immobile
4. It cannot produce anything on its own

Question 18

[1]

Pick the option which does not belong to the group:

1. Railways
2. Shampoos
3. Televisions
4. Biscuits

Question 19

[1]

Choose the correct order of Capital formation:

1. Mobilisation of savings → Investment → Savings
2. Savings → Mobilisation of savings → Investment
3. Investment → Savings → Mobilisation of savings
4. None of the above

Question 20

[1]

Construction of dams always have positive effects.

1. True
2. False

Question 21

[1]

Mr Vijay purchases 2 litres of milk per day when it is priced at ₹35 per litre. Suppose he has some guests at home and consequently he purchases 6 litres of milk on that day. What will you call it?

1. Increase in Demand
2. Increase in quantity demanded

Question 22

[1]

Observe the relationship of the first pair of words and complete the second pair:

Chartered Accountant : Skilled labour

Welder : _____

1. Unskilled
2. Semi-skilled
3. Skilled
4. Over-skilled

Question 23

[1]

Which of these is not a function of an Entrepreneur?

1. Innovation
2. Risk taking
3. Delegation
4. Having good inter-personal skills.

Question 24

[1]

What will be the values of (i) and (ii)?

Price in ₹	Qty. demanded by A	Qty. demanded by B	Qty. demanded by C	Total demand
10	30	(i)	12	52
20	20	8	9	37
30	10	6	(ii)	22

1. 10 and 12
2. 6 and 10
3. 10 and 6
4. 6 and 12

Question 25

[1]

An entrepreneur's income can be negative.

1. True
2. False

Section II**Question 26**

[2]

The price of a commodity goes up from Rs. 26 to Rs. 30 as a result of which demand falls from 4 units to 2 units, the price elasticity of demand is:

1. 2.25
2. 3.25
3. 3.50
4. 3.75

Question 27

[2]

Which of the following statements are true?

The cost of production will increase if :

- (i) The government gives subsidies.
- (ii) The firm uses obsolete technology.
- (iii) The prices of diesel increases.

- 1. Only (i) and (ii)
- 2. Only (ii) and (iii)
- 3. Only (i) and (iii)
- 4. All (i), (ii) and (iii)

Question 28.

[2]

Match the following and select the correct option:

- | | |
|-----------------------------|--|
| (i) Extension of supply | A. Prices are expected to fall in future |
| (ii) Decrease in supply | B. Fall in prices |
| (iii) Contraction of supply | C. Prices are expected to rise in future |
| (iv) Increase in supply | D. Rise in prices |

- 1. (i) C (ii) A (iii) D(iv) B
- 2. (i) D (ii) A (iii) B (iv) C
- 3. (i) B(ii) A (iii) D (iv) C
- 4. (i) D (ii) C (iii) B (iv) A

Question 29

[2]

If X and Y are complementary goods, a rise in the price of Y will cause the demand curve of X to:

- 1. Shift to the left
- 2. Shift to the right
- 3. Extend
- 4. Contract

Question 30

[2]

Which of the following statements are true:

- (i) Monopolistically competitive markets have high selling costs.
- (ii) Monopolistically competitive market sell homogeneous goods.
- (iii) Any firm can start a business in a monopolistically competitive market.

1. Only (i)
2. Only (i) and (ii)
3. Only (i) and (iii)
4. All of them

Question 31

Land is heterogeneous because:

[2]

- (i) It varies in fertility.
- (ii) It varies in productivity.
- (iii) It varies in density of population.

1. Only (i) and (iii) are applicable.
2. Only (i) and (ii) are applicable
3. All of them are applicable
4. Only (ii) and (iii) are applicable

Question 32

[2]

A relatively inelastic supply curve implies:

1. There is no change in price but quantity supplied changes.
2. A small change in price brings about a large change in quantity supplied.
3. A large change in price brings about a small change in quantity supplied.
4. Although there is a change in price, quantity supplied remains constant.

Question 33

[2]

An increase in the price of electricity will cause an:

1. Increase in the demand for solar heaters
2. Decrease in the demand for solar heaters
3. Increase in the demand for Geysers
4. None of the above

Question 34

[2]

Which of these will **NOT** be considered as capital?

1. Stationery owned by a student
2. Stationery owned by a firm
3. Stationery owned by the Government
4. All the three options will be considered capital.

Question 35

[2]

What will the following cause:

Price in Rs.	Quantity supplied in Kgs.
10	15
20	40

1. An extension of supply curve
2. A contraction of supply curve
3. An upward shift of supply curve
4. A downward shift of supply curve

Section III**Question 36**

Read the passage below and answer the questions that follow:

[5x1]

Press Trust of India, New Delhi, Jan 9th, 2020

India Ratings and Research, on, Thursday, said India will have to raise its labour productivity growth to 6.3% to achieve 8% GDP growth while it has to be up by 7.3% in order to achieve economic growth of 9%. The labour productivity growth in the current financial year has been pegged at 5.2%. Labour productivity during 2004-05 to 2007-08 have stood at 8.5%

The challenge on the productivity front for India is two-fold, it said. "First, how to raise the overall labour productivity to a level that delivers the required GDP growth rate, and secondly how to lift the labour productivity in the lagging sectors so that growth is more evenly balanced and sustainable over the medium- to long-term." Sectors such as manufacturing, electricity, gas, water supply, transport, storage and communications "contributed significantly to the overall labour productivity during FY2000 - FY2016".

I. Which of these will **NOT** be considered labour in Economics?

1. A carpenter making a table
2. Virat Kohli playing cricket for India
3. A surgeon performing an operation
4. An auto driver dropping his daughter to school.

II. Productivity of labour takes into consideration:

1. Quality of work done
2. Quantity of work done
3. Time taken to do the work
4. All of the above

III. Which of these will improve the efficiency of Indian labour:

1. Proper educational facilities
2. Irregular wages.
3. Uncooperative management
4. All of the above

IV. Which of the following statements are true:

The labour of a country is important because:

- (i) It helps to exploit the natural resources of a country.
 - (ii) It helps to raise the GDP of an economy.
 - (iii) It also creates a demand for various goods and thereby determines production.
1. Only (i) and (ii)
 2. Only (ii) and (iii)
 3. Only (i) and (iii)
 4. All (i), (ii) and (iii)

V. The supply of labour is considered peculiar because:

1. It cannot be increased.
2. It increases as the wage rate increases but later it decreases even if the wage rate increases.
3. It decreases as wage rate decreases.
4. It can increase because of immigration