



**ICSE 2025 EXAMINATION**  
**SPECIMEN QUESTION PAPER**  
**ECONOMICS**

*Maximum Marks: 80*

*Time allowed: Two hours*

*Answers to this Paper must be written on the paper provided separately.*

*You will not be allowed to write during the first 15 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 [ ].*

***Instruction for the Supervising Examiner***

*Kindly read aloud the Instructions given above to all the candidates present in the Examination Hall.*

## SECTION A

(Attempt *all* questions from this Section.)

### Question 1

[16]

Choose the correct answers to the questions from the given options.

(Do not copy the question, write the correct answers only.)

(i) The \_\_\_\_\_ has to decide the reward for each factor of production.

- (a) Organiser
- (b) Worker
- (c) Consumer
- (d) Entrepreneur

[Understanding]

(ii) Capital expenditure is \_\_\_\_\_ in nature.

- (a) Recurring
- (b) Non recurring
- (c) Positive
- (d) Persuasive

[Understanding]

(iii) As a result of rise in consumer's income, the demand curve for coarse-grain (inferior good) will:

- (a) Move upward along the same demand curve
- (b) Move downward along the same demand curve
- (c) The demand curve will shift to the right
- (d) The demand curve will shift to the left

[Analysis]

(iv) If you make investments in insurances or mutual funds, then it will be called as \_\_\_\_\_ type of capital.

- (a) Investment
- (b) Financial
- (c) Physical
- (d) Profitable

[Application]

(v) **Assertion (A):** Central bank as a banker to the government, works as a custodian of foreign exchange reserves.

**Reason (R):** The Central bank acts as a Clearing house for the transfer and settlement of mutual claims of commercial banks.

- (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

[Application]

(vi) Study the relationship in the first pair of words and complete the second pair.

1. Creeping inflation: The rate of inflation is 1% to 2% per annum

2. Running inflation: The rate of inflation is \_\_\_\_\_ per annum.

- (a) 3% to 6%
- (b) 20% to 100%
- (c) 30% to 40 %
- (d) 10% to 20%

[Analysis]

(vii) 'Money helps to express the monetary value of goods and services in the market'.

On the basis of the given statement, Identify the function performed by money.

- (a) Medium of exchange
- (b) Store of value
- (c) Measure of value
- (d) Transfer of value

[Application]

(viii)



Identify the type of market structure represented by the visuals.

- (a) Monopoly
- (b) Perfect market
- (c) Government market
- (d) Oligopoly market

[Application]

(ix) Ms. Sakshi, who teaches economics, discussed the 'minimum percentage of total deposits that commercial banks must maintain with the Central Bank according to current regulations'. Select the correct term that defines this concept from the following choices.

- (a) Cash reserve ratio
- (b) Repo rate
- (c) Bank rate
- (d) Statutory liquidity ratio

[Application]

(x) Which factor out of the following serves as the primary source of consumption?

- (a) Land
- (b) Labour
- (c) Capital
- (d) Entrepreneur

[Recall]

(xi) **Statement 1:** The Bank Rate policy of the central bank is a traditional method of credit control.

**Statement 2:** The method used by the central bank to influence the total volume in the banking system is a quantitative method of credit control.

- (a) Statement 1 is true and Statement 2 is false
- (b) Statement 1 is false and Statement 2 is true
- (c) Both Statements 1 and 2 are true.
- (d) Both Statements 1 and 2 are false.

[Analysis]

(xii) Identify the factor that affects market demand from the options below:

- (a) Price of jointly produced goods
- (b) Consumer Credit Facility
- (c) Income of the consumer
- (d) Government policy

[Recall]

(xiii) In perfect competition the sellers are selling \_\_\_\_\_ products.

- (a) Identical
- (b) Different
- (c) Unique
- (d) Inexpensive

[Understanding]

(xiv) During barter exchange the rate of exchange was arbitrarily fixed. This resulted from \_\_\_\_\_.

- (a) Lack of common measure of Value
- (b) Lack of divisibility
- (c) Problem of storing wealth
- (d) Problem of deferred payment

[Understanding]

(xv) Indian farmers are an example of \_\_\_\_\_ type of labour.

- (a) Process based
- (b) Monopoly based
- (c) Product based
- (d) Complex based

[Application]

(xvi) "Does a shirt priced at Rs. 300 exemplify the store of value function of money? Select the appropriate option:

- (a) True
- (b) False

[Understanding]

### Question 2

(i) Give any two examples of direct tax.

[2]

[Understanding]

(ii)



[2]

[Evaluation]

Examine the above image. State and explain the source of revenue generated by the government.

(iii) 'Specialization of labour helps the producers in their productive activities and is also beneficial to the workers'. Justify the statement with two suitable reasons.

[2]

[Evaluation]

(iv) By giving valid reasons explain, which of the following will be included in commercial revenue of the Government.

[2]

- (a) Mr. Shah paying License fee for registration of his motor vehicle.
- (b) Irrigation charges paid by Mr. Shah as a farmer.

[Evaluation]

### Question 3

- (i) Define the term demand. [2]

[Recall]

- (ii) In the realm of economic development, how does the role of entrepreneurs impact the overall growth and stability of a nation. [2]

[Evaluation]

- (iii) Analyse the images below and identify the factors of production and explain any one characteristic of the same. [2]



[Analysis]

- (iv) How is fixed deposit different from saving deposit? [2]

### Question 4

- (i) Justify the following statement with any two valid arguments. [2]

‘In a perfect competition market structure, an individual firm does not have any role in determining price’.

[Evaluation]

- (ii) Explain the term elasticity of demand. [2]

[Understanding]

- (iii) Ram an employee and Shyam an elderly citizen was travelling by train from Delhi to Chennai separately. However, the cost of their tickets is different. Give reasons for the railways charging different prices to different customers. [2]

[Application]

- (iv) Under what conditions does the supply of good exhibit unitary elasticity? [2]

[Understanding]

## SECTION B

(Attempt *any four* questions from this Section.)

### Question 5

- (i) With the help of a graph explain the *increase in demand* concept. [5]  
[Application]
- (ii) Explain any five demerits of direct tax. [5]  
[Understanding]

### Question 6

- (i) (a) Define a market. [5]  
(b) Explain any three features of a monopolistic market. [Recall & Understanding]
- (ii) In the context of the sudden increase in consumer groups in India due to heightened awareness and instances of exploitation by private traders, what are the key duties and responsibilities that consumers should be mindful of to actively contribute to the consumer movement in the country? [5]  
[Analysis]

### Question 7

- (i) (a) What is the meaning of inflation? [5]  
(b) Examine any three adverse or evil effects of inflation on production. [Understanding & Analysis]
- (ii) Differentiate between Commercial and Central bank (five points). [5]  
[Analysis]

### Question 8

- (i) Differentiate between extension and contraction of demand. [5]  
[Analysis]
- (ii) (a) State the law of supply. [5]  
(b) Explain any three factors affecting elasticity of supply. [Recall & Understanding]



### Question 9

- (i) The following table shows the demand schedule for 3 consumers in a market. [5]

Price in (Rs)	Consumer 1 Demand in (kgs)	Consumer 2 Demand in (kgs)	Consumer 3 Demand in (kgs)	Market Demand
10	1	2	(i) _____	6
8	2	(ii) _____	4	9
6	3	4	5	12
5	4	5	6	(iii) _____

Based on the above hypothetical schedule answer the following questions

- (a) What is the demand of Consumer 3 priced at Rs10 (i) [Application]
- (b) What is the demand of Consumer 2 priced at Rs 8 (ii) [Application]
- (c) Calculate the total market demand priced at Rs 4 (iii) [Application]
- (d) From the above given table examine the relationship between price and demand. [Analyzing]
- (e) Mention any one exception to the law of demand. [Recall]
- (ii) With the help of a graph explain a perfectly inelastic demand curve. [5]

[Application]

### Question 10

- (i) Explain the determinants of supply? [5]
- (ii) Read the extract and answer the following questions. [5]

[Understanding]

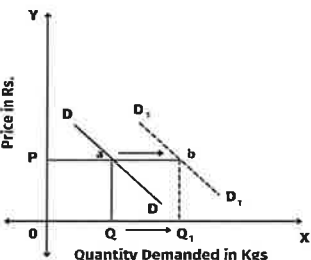
*Shruti and her friends have an idea to start selling makeup kits. They already have saved money for the merchandise, models and displays. Since they all own the company, they will work for free.*

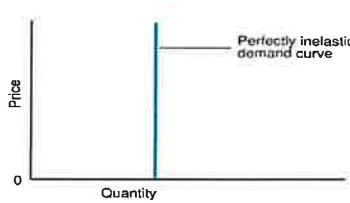
- (a) Name the factor of production which is not mentioned. [Application]
- (b) Explain any four characteristics of the above (a) factor of production. [Analysis]



**ICSE 2025 – SPECIMEN PAPER**  
**DRAFT MARKING SCHEME – ECONOMICS**

<b>Question 1</b>		<b>[16]</b>
(i)	(d) Entrepreneur	
(ii)	(b) Non recurring	
(iii)	(d) The demand curve will shift to the left	
(iv)	(b) Financial	
(v)	(b) Both A and R are true and R is not the correct explanation of A	
(vi)	(d) 10% to 20%	
(vii)	(c) Measure of value	
(viii)	(d) Oligopoly market	
(ix)	(a) . Cash reserve ratio	
(x)	(b) Labour	
(xi)	(c) Both Statements 1 and 2 are true.	
(xii)	(d) Government policy	
(xiii)	(a) Identical	
(xiv)	(a) Lack of common measure of Value	
(xv)	(c) Product based	
(xvi)	(b) False	
<b>Question 2</b>		<b>[8]</b>
(i)	Income tax, Corporate tax, <span style="float: right;"><i>(Or list other relevant examples)</i></span>	
(ii)	Non-tax revenue. Revenue earned by the government through documentation process.	
(iii)	Producers: Less cost of production, quick production <i>(Or mention any another relevant point and expand them as required)</i> Workers: Saving of time and tool, Right man at the right job <i>(Or mention any other relevant points and expand on them as required)</i>	
(iv)	Irrigation charges paid by Mr. Shah as a farmer is a commercial revenue as the government derives revenue by selling irrigation services to Mr Shah.	
<b>Question 3</b>		<b>[8]</b>
(i)	The willingness of a consumer to buy a commodity at a given price and at a given time.	
(ii)	Increases employment opportunities, helps in capital formation, <i>(Or identify and explain any other relevant point in detail)</i>	

(iii)	<p>Factor of Production: Capital</p> <p>Characteristics: Passive factor, Man Made, <i>(Or mention any other relevant points and expand on them as required)</i></p>	
(iv)	<p>1) Fixed deposit is non chequable saving deposits are chequable</p> <p>2) Fixed deposits earn high rate of interest and saving deposits earn low rate of deposit, <i>(Or any other relevant point of differentiations)</i></p>	
<b>Question 4</b>		<b>[8]</b>
(i)	The industry is a price taker as there are a large number of buyers and sellers neither a single seller or single buyers can influence the price on his own	
(ii)	It is the ratio between the percentage change in demand and percentage change in price.	
(iii)	Railways is a monopoly market and since they practise price discrimination, they charge different prices to different customers.	
(iv)	When percentage change in quantity supplied is equal to percentage change in supply.	
<b>Question 5</b>		<b>[10]</b>
(i)	<p>Price being same when there is a rise in demand due to change in other factors.</p> 	
(ii)	Unpopular, Inconvenience, Possibility of evasion, Uneconomical, Arbitrary, Narrow in scope <i>(Explain any five in detail)</i>	
<b>Question 6</b>		<b>[10]</b>
(i)	<p>(a) Market refers to the whole area where buyers and sellers of a commodity are in competition with each other to effect purchase and sale of the commodity</p> <p>(b) Large number of buyers and sellers, Product differentiation, Free entry and exit, Non-price competition, Imperfect knowledge <i>(Explain any three points in detail)</i></p>	
(ii)	<p>Duties of a consumer: Check expiry date, ask for cash memo, check for standardisation mark, <i>(Identify and explain any other relevant points)</i></p>	

<b>Question 7</b>		[10]
(i)	<p>(a) Inflation refers to a situation where prices of goods and services persistently rise at a fast pace.</p> <p>(b) Misallocation of resources, Reduction in saving, Discourages foreign capital. Hoarding, Fall in quality <i>(Explain any three)</i></p>	
(ii)	<p>Differentiate on the basis of: Meaning, objective, ownership, note issue, banker, number, credit,</p> <p><i>(Or any other relevant point of differentiations)</i></p>	
<b>Question 8</b>		[10]
(i)	Differentiate on the basis of Meaning, Hypothetical schedule, Demand curve, cause.	
(ii)	<p>(a) Other things being constant/equal higher the price, larger the quantity supplied, lower the price smaller is the quantity supplied</p> <p>(b) Possibility of shifting from production, Length of time, Cost of production, Nature of the commodity, Risk taking <i>(Explain any three)</i></p>	
<b>Question 9</b>		[10]
(i)	<p>(a) 3 kgs</p> <p>(b) 3 Kgs</p> <p>(c) 15 kgs</p> <p>(d) Demand and price have an inverse relationship.</p> <p>(e) Giffen goods, Ignorance....</p>	
(ii)	<p>When quantity demanded does not change at all as a result of change in price of the commodity. <b>[Ed=0]</b></p> <p>Perfectly Inelastic Demand Curve</p> 	
<b>Question 10</b>		[10]
(i)	<p>Price, Prices of factors of production, Goals of the firm,</p> <p><i>(Explain any five factors in detail)</i></p>	
(ii)	<p>(a) Land</p> <p>(b) Characteristics of land to be explained in detail.</p>	