

# Analysis of Pupil Performance

# Year 2017 Examination

# ICSE

# ECONOMICS



*Research Development and Consultancy Division*

**Council for the Indian School Certificate Examinations  
New Delhi**

**Year 2017**

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***Published by:***

Research Development and Consultancy Division (RDCD)

Council for the Indian School Certificate Examinations

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## FOREWORD

This document of the Analysis of Pupils' Performance at the ISC Year 12 and ICSE Year 10 Examination is one of its kind. It has grown and evolved over the years to provide feedback to schools in terms of the strengths and weaknesses of the candidates in handling the examinations.

We commend the work of Mrs. Shilpi Gupta (Deputy Head) and the Research Development and Consultancy Division (RDCD) of the Council who have painstakingly prepared this analysis. We are grateful to the examiners who have contributed through their comments on the performance of the candidates under examination as well as for their suggestions to teachers and students for the effective transaction of the syllabus.

We hope the schools will find this document useful. We invite comments from schools on its utility and quality.

**November 2017**

**Gerry Arathoon  
Chief Executive & Secretary**

The Council has been involved in the preparation of the ICSE and ISC Analysis of Pupil Performance documents since the year 1994. Over these years, these documents have facilitated the teaching-learning process by providing subject/ paper wise feedback to teachers regarding performance of students at the ICSE and ISC Examinations. With the aim of ensuring wider accessibility to all stakeholders, from the year 2014, the ICSE and the ISC documents have been made available on the Council's website [www.cisce.org](http://www.cisce.org).

The document includes a detailed qualitative analysis of the performance of students in different subjects which comprises of examiners' comments on common errors made by candidates, topics found difficult or confusing, marking scheme for each answer and suggestions for teachers/ candidates.

In addition to a detailed qualitative analysis, the Analysis of Pupil Performance documents for the Examination Year 2017 have a new component of a detailed quantitative analysis. For each subject dealt with in the document, both at the ICSE and the ISC levels, a detailed statistical analysis has been done, which has been presented in a simple user-friendly manner.

It is hoped that this document will not only enable teachers to understand how their students have performed with respect to other students who appeared for the ICSE/ISC Year 2017 Examinations, how they have performed within the Region or State, their performance as compared to other Regions or States, etc., it will also help develop a better understanding of the assessment/ evaluation process. This will help them in guiding their students more effectively and comprehensively so that students prepare for the ICSE/ ISC Examinations, with a better understanding of what is required from them.

The Analysis of Pupil Performance document for ICSE for the Examination Year 2017 covers the following subjects: English (English Language, Literature in English), Hindi, History, Civics and Geography (History & Civics, Geography), Mathematics, Science (Physics, Chemistry, Biology), Commercial Studies, Economics, Computer Applications, Economics Applications, Commercial Applications.

Subjects covered in the ISC Analysis of Pupil Performance document for the Year 2017 include English (English Language and Literature in English), Hindi, Elective English, Physics (Theory and Practical), Chemistry (Theory and Practical), Biology (Theory and Practical), Mathematics, Computer Science, History, Political Science, Geography, Sociology, Psychology, Economics, Commerce, Accounts and Business Studies.

I would like to acknowledge the contribution of all the ICSE and the ISC examiners who have been an integral part of this exercise, whose valuable inputs have helped put this document together.

I would also like to thank the RDCD team of Dr. Manika Sharma, Dr. M.K. Gandhi, Ms. Mansi Guleria and Mrs. Roshni George, who have done a commendable job in preparing this document. The statistical data pertaining to the ICSE and the ISC Year 2017 Examinations has been provided by the IT section of the Council for which I would like to thank Col. R. Sreejeth (Deputy Secretary - IT), Mr. M.R. Felix, Education Officer (IT) – ICSE and Mr. Samir Kumar, Education Officer (IT) - ISC.

**November 2017**

***Shilpi Gupta***  
**Deputy Head - RDCD**

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# INTRODUCTION

This document aims to provide a comprehensive picture of the performance of candidates in the subject. It comprises of two sections, which provide Quantitative and Qualitative analysis results in terms of performance of candidates in the subject for the ICSE Year 2017 Examination. The details of the Quantitative and the Qualitative analysis are given below.

## Quantitative Analysis

This section provides a detailed statistical analysis of the following:

- Overall Performance of candidates in the subject (Statistics at a Glance)
- State wise Performance of Candidates
- Gender wise comparison of Overall Performance
- Region wise comparison of Performance
- Comparison of Region wise performance on the basis of Gender
- Comparison of performance in different Mark Ranges and comparison on the basis of Gender for the top and bottom ranges
- Comparison of performance in different Grade categories and comparison on the basis of Gender for the top and bottom grades

The data has been presented in the form of means, frequencies and bar graphs.

## Understanding the tables

Each of the comparison tables shows N (Number of candidates), Mean Marks obtained, Standard Errors and t-values with the level of significance. For t-test, mean values compared with their standard errors indicate whether an observed difference is likely to be a true difference or whether it has occurred by chance. The t-test has been applied using a confidence level of 95%, which means that if a difference is marked as 'statistically significant' (with \* mark, refer to t-value column of the table), the probability of the difference occurring by chance is less than 5%. In other words, we are 95% confident that the difference between the two values is true.

t-test has been used to observe significant differences in the performance of boys and girls, gender wise differences within regions (North, East, South and West), gender wise differences within marks ranges (Top and bottom ranges) and gender wise differences within grades awarded (Grade 1 and Grade 9) at the ICSE Year 2017 Examination.

The analysed data has been depicted in a simple and user-friendly manner.

Given below is an example showing the comparison tables used in this section and the manner in which they should be interpreted.

**Comparison on the basis of Gender**

Gender	N	Mean	SE	t-value
Girls	2,538	66.1	0.29	11.91*
Boys	1,051	60.1	0.42	

\*Significant at 0.05 level

**Girls performed significantly better than boys.**



The results have also been depicted pictographically. In this case, the girls performed significantly better than the boys. This is depicted by the girl with a medal.

The table shows comparison between the performances of boys and girls in a particular subject. The t-value of 11.91 is significant at 0.05 level (mentioned below the table) with a mean of girls as 66.1 and that of boys as 60.1. It means that there is significant difference between the performance of boys and girls in the subject. The probability of this difference occurring by chance is less than 5%. The mean value of girls is higher than that of boys. It can be interpreted that girls are performing significantly better than boys.

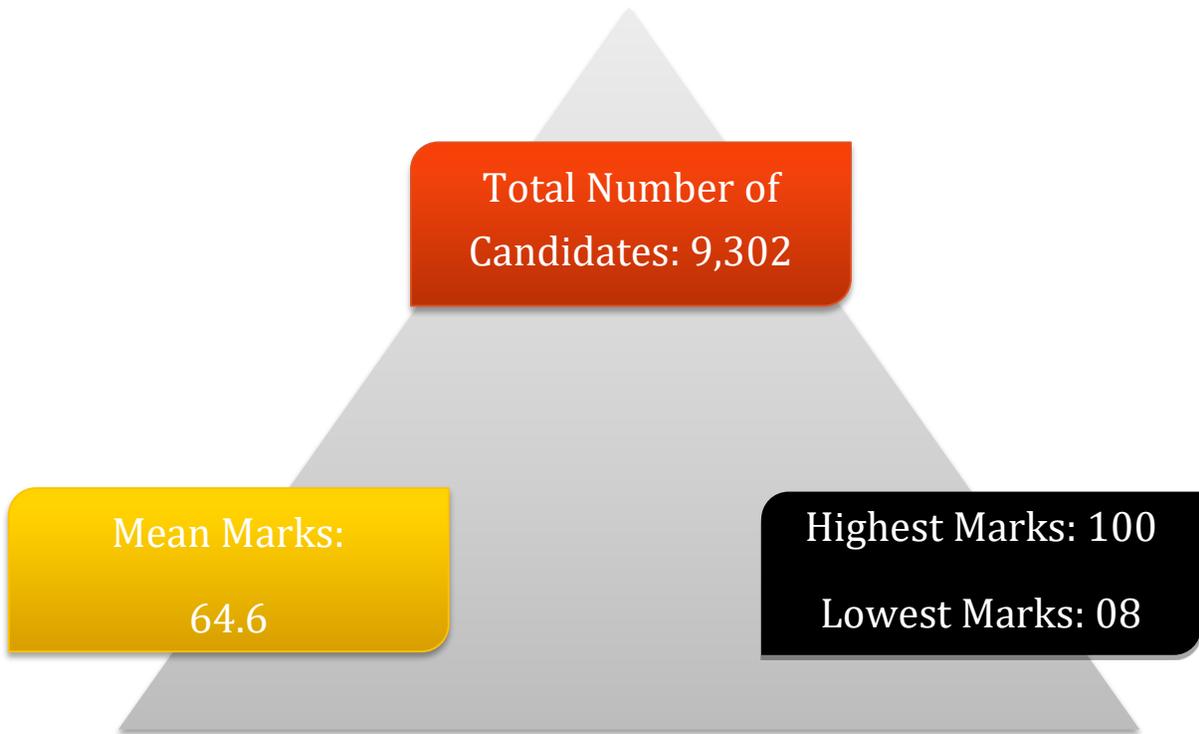
## Qualitative Analysis

The purpose of the qualitative analysis is to provide insights into how candidates have performed in individual questions set in the question paper. This section is based on inputs provided by examiners from examination centres across the country. It comprises of question wise feedback on the performance of candidates in the form of *Comments of Examiners* on the common errors made by candidates along with *Suggestions for Teachers* to rectify/ reduce these errors. The *Marking Scheme* for each question has also been provided to help teachers understand the criteria used for marking. Topics in the question paper that were generally found to be difficult or confusing by candidates, have also been listed down, along with general suggestions for candidates on how to prepare for the examination/ perform better in the examination.

# QUANTITATIVE ANALYSIS

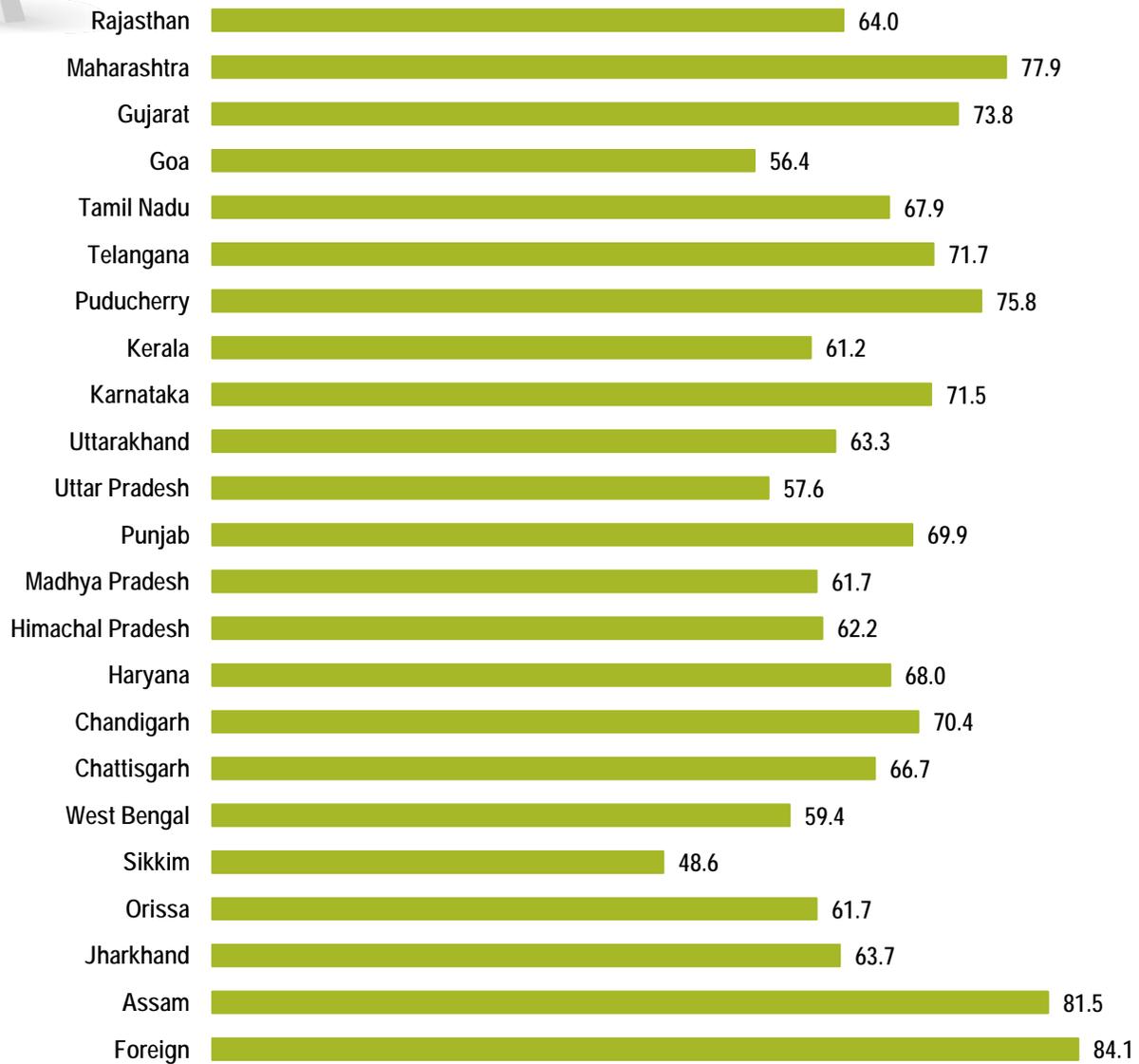


## STATISTICS AT A GLANCE





## PERFORMANCE (STATE-WISE & FOREIGN)



**The States/UT of Assam, Maharashtra and Puducherry secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 84.1.**



## GENDER-WISE COMPARISON



**GIRLS**

Mean Marks: 68.1

Number of  
Candidates: 4,529



**BOYS**

Mean Marks: 61.4

Number of  
Candidates: 4,773

### Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	4,529	68.1	0.29	16.20*
Boys	4,773	61.4	0.30	

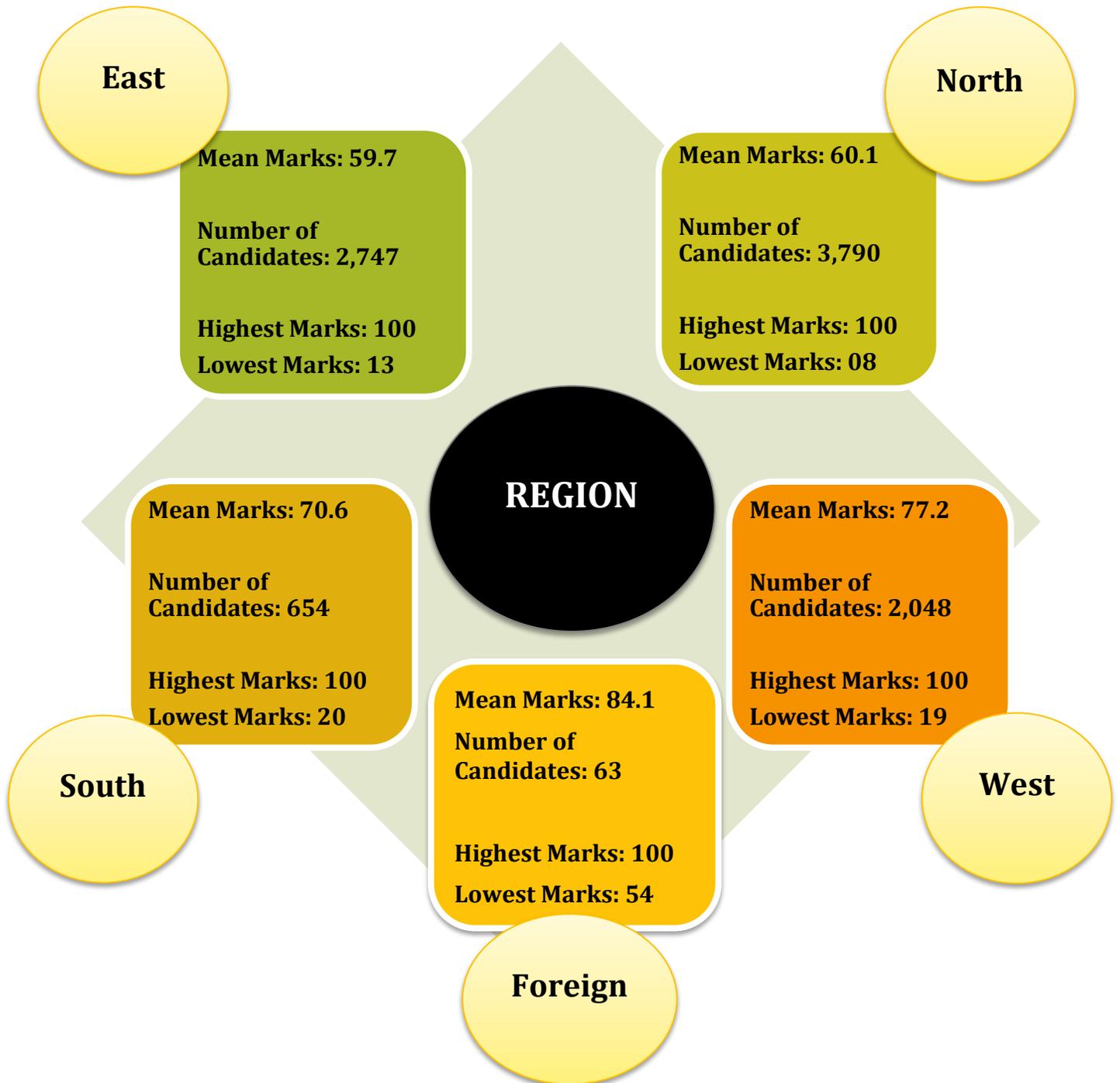
\*Significant at 0.05 level

**Girls performed  
significantly better than  
boys.**

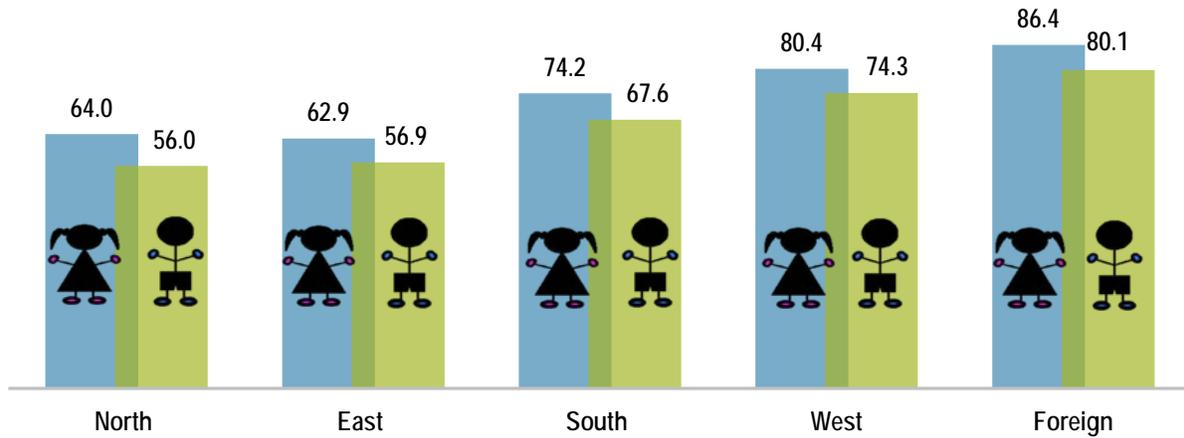




## REGION-WISE COMPARISON



## Mean Marks obtained by Boys and Girls-Region wise



### Comparison on the basis of Gender within Region

Region	Gender	N	Mean	SE	t-value
North (N)	Girls	1,910	64.0	0.46	12.11*
	Boys	1,880	56.0	0.48	
East (E)	Girls	1,301	62.9	0.53	8.29*
	Boys	1,446	56.9	0.50	
South (S)	Girls	300	74.2	0.92	4.93*
	Boys	354	67.6	0.97	
West (W)	Girls	978	80.4	0.46	9.03*
	Boys	1,070	74.3	0.50	
Foreign (F)	Girls	40	86.4	1.54	2.07*
	Boys	23	80.1	2.59	

\*Significant at 0.05 level

**The performance of girls was significantly better than that of boys in all the regions.**

**REGION (N, E, S, W, F)**





## MARK RANGES : COMPARISON GENDER-WISE

### Comparison on the basis of gender in top and bottom mark ranges

Marks Range	Gender	N	Mean	SE	t-value
Top Range (81-100)	Girls	1,526	89.3	0.12	6.18*
	Boys	1,088	88.2	0.14	
Bottom Range (0-20)	Girls	56	18.9	0.18	1.54
	Boys	141	18.5	0.14	

\*Significant at 0.05 level

#### Marks Range (81-100)

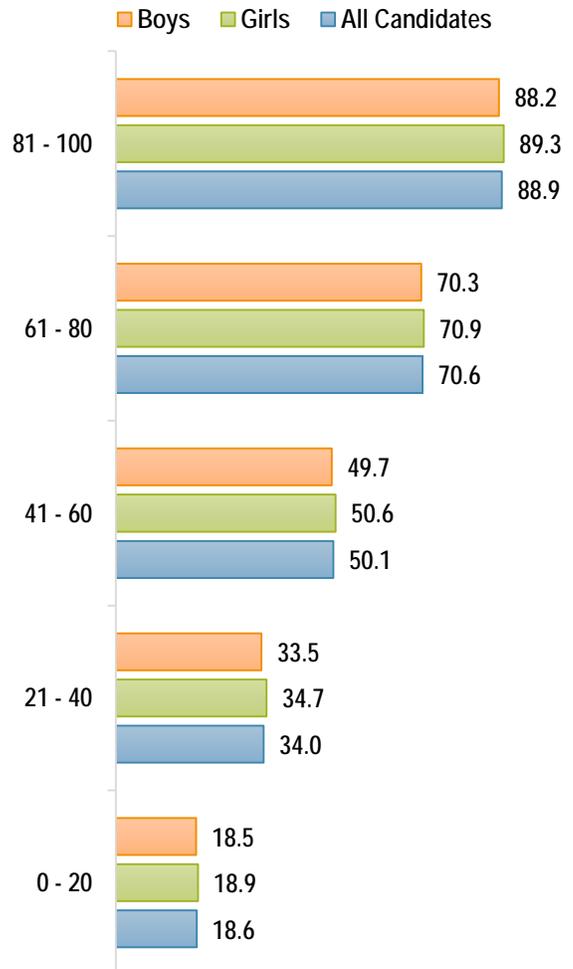
Performance of girls was significantly better than the performance of boys.

#### Marks Range (81-100)



#### Marks Range (0-20)

No significant difference was found in the performance of girls and boys in the bottom marks range.





# GRADES AWARDED : COMPARISON GENDER-WISE

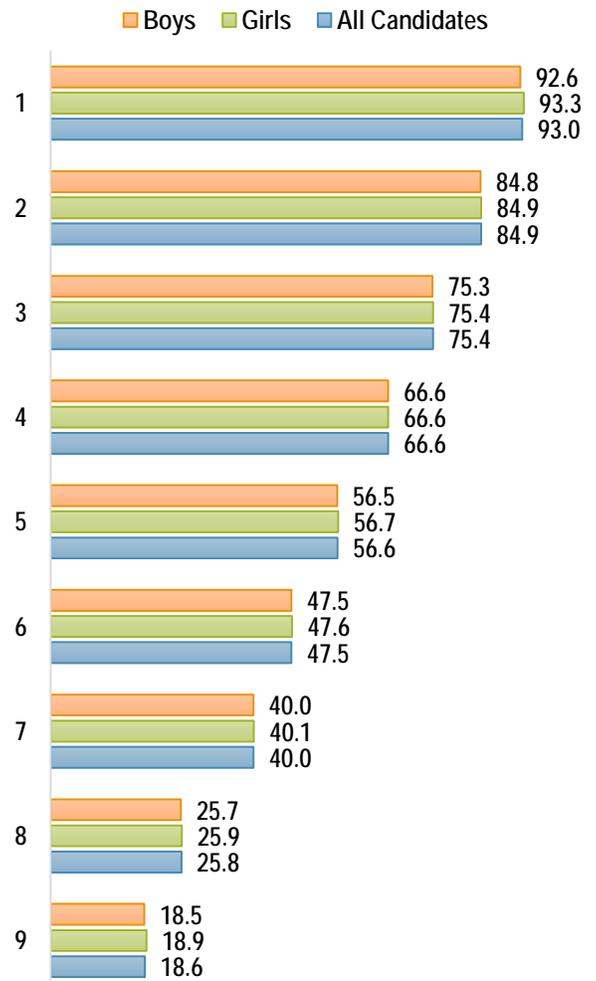
## Comparison on the basis of gender in Grade 1 and Grade 9

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	765	93.3	0.10	4.39*
	Boys	438	92.6	0.13	
Grade 9	Girls	56	18.9	0.18	1.54
	Boys	141	18.5	0.14	

\*Significant at 0.05 level

**In Grade 1, performance of girls was significantly better than the performance of boys. However, no significant difference was observed between the average performance of girls and boys in Grade 9.**

### Grade 1



# QUALITATIVE ANALYSIS

## SECTION A (40 Marks)

*Attempt all questions from this Section*

### Question 1

- (a) How does land differ from other factors of production with respect to its supply? [2]
- (b) What is meant by cost push inflation? [2]
- (c) With the help of a diagram define perfectly elastic demand. [2]
- (d) Identify the type of division of labour in an automobile industry. Explain. [2]
- (e) With suitable examples differentiate between complementary goods and substitute goods. [2]

### Comments of Examiners

- (a) Most candidates mentioned other characteristics of land rather than the one related to the question i.e. supply of land in comparison to other factors of production.
- (b) A few candidates missed out on the key economic term i.e. *cost or production*. They wrote an incomplete statement like, 'inflation is rise in cost'.
- (c) Some candidates only drew the graph without explaining it, while some others drew the graph without labels.
- (d) Many candidates wrote about division of labour in general rather than specifically writing about division of labour in an automobile industry.
- (e) Instead of writing about *substitute* and *complementary* goods, some candidates wrote about normal and inferior goods.

### Suggestions for teachers

- Instruct students to read the questions carefully and answer the question that is specifically asked.
- Emphasize on the importance of using relevant economic terms specially while defining a term.
- Insist upon explaining the concept whenever answering a graph based question and naming the graphs as per the requirement.
- To make the concept clear try to draw examples from students and their surroundings.

## MARKING SCHEME

### Question 1

(a)	A peculiar feature of land is its fixed supply. Other factors of production can be increased or reduced as desired but it is not the case with land. Land is a natural factor.
(b)	Cost push inflation is a situation in which price rises due to increase in the cost of production.
(c)	<p>Perfectly elastic demand refers to a situation in which a minute change or no change in price causes a huge change in demand. <math>E_p = \alpha</math></p> <div style="text-align: center;"> </div> <p>Diagram should be neatly drawn and labeled.</p>
(d)	Complex division of labour or process based division of labour. In this production of a good or a service involves many processes and sub processes. All workers are engaged in different processes.
(e)	Complementary goods are those goods which are used together for example car and petrol while substitute goods are those where one can be used in the place of the other. Coffee and tea are substitute goods.

### Question 2

- (a) Why is supply directly proportional to price? [2]
- (b) Explain briefly any one determinant of an exceptional demand curve. [2]
- (c) What is meant by unproductive public debt? [2]
- (d) Mention one contingent function of money. [2]
- (e) Explain briefly the impact of cost of production on elasticity of supply. [2]

## Comments of Examiners

- (a) Most candidates wrote about law of supply and missed out on the key term i.e. higher profits for the producer.
- (b) Some candidates did not understand the question correctly and wrote about either the *shift* or the *determinants of demand* instead of writing *determinants of an exceptional demand curve*.
- (c) Most of the candidates wrote the correct answer but some candidates did not mention that unproductive debts do not yield income to the government.
- (d) Many candidates wrote the primary functions of money instead of writing contingent functions of money.
- (e) Candidates could not link the impact of cost of production on elasticity of supply. Very few candidates answered this part correctly.

## Suggestions for teachers

- Explain the relation between supply and price based on the profit margin of the producer.
- Familiarize students with the topics of significance by linking the answers to the projects undertaken by the government for the welfare of the people but also emphasize on how these projects don't yield any income to the government.
- While teaching the concept of supply clearly explain the meaning of elasticity and how it impacts the production.

## MARKING SCHEME

### Question 2

(a)	Supply is directly proportional to price because supply increases when price rises as higher prices will yield higher profits to the sellers.
(b)	<p>Determinants of an exceptional demand curve are the following:</p> <ul style="list-style-type: none"> <li>(i) Giffens' good</li> <li>(ii) Status symbol goods</li> <li>(iii) Quality price relationship</li> <li>(iv) Emergency</li> <li>(v) Ignorance of the consumer</li> </ul> <p style="text-align: right;"><i>(Any one of the above mentioned should be explained clearly)</i></p>
(c)	Public debt is said to be unproductive when government spends money that is borrowed from the public on those areas of public expenditure which do not increase production of goods and services in the country.
(d)	<p>Contingent function of money are:</p> <ul style="list-style-type: none"> <li>(i) Assisting production decisions</li> <li>(ii) Assisting consumption decisions</li> <li>(iii) Distribution of income</li> <li>(iv) Basis of credit</li> </ul> <p style="text-align: right;"><i>(Students must explain any one of above)</i></p>
(e)	Increase in cost of production will have an adverse impact on supply. If the cost of production increases supply will not respond to a given change in price and this will result in inelastic supply.

### Question 3

- (a) How does proportional tax differ from progressive tax? [2]
- (b) Capital depreciates. Explain. [2]
- (c) What is meant by double coincidence of wants? How does money overcome this problem? [2]
- (d) Expand COPRA. What is its objective? [2]
- (e) Indirect taxes sometimes help in social reforms. Explain. [2]

### Comments of Examiners

- (a) This was a well attempted question but a few candidates wrote about *regressive tax* instead of *progressive tax*.
- (b) Some candidates wrote the definition of capital instead of writing how capital depreciates with time.
- (c) Many candidate wrote what *double coincidence of wants* means but they failed to explain how money can overcome this problem.
- (d) This was a well attempted question. A handful of candidates could not write the expanded form of COPRA.
- (e) Many candidates did not understand the meaning of *social reform*.

#### Suggestions for teachers

- Lay stress on each type of tax with some hypothetical schedule and graph.
- Along with the definition, emphasize on the meaning of depreciation also.
- Drill the full forms of all abbreviated words.
- Take current situations as examples and explain how taxes can change and bring out new reforms in the country.

### MARKING SCHEME

#### Question 3

(a)	Proportional tax is one in which the rate of tax remains the same regardless of the income of the tax payer. For example, 5% tax – all tax payers regardless of their income pay an equal proportion of income in the form of taxes.  While progressive tax, the tax rate increases as the income of the tax payer rises.
(b)	Capital depreciates: If capital is used again and again, it depreciates gradually. For example, a machine used over a long period may not be suitable for further use due to depreciation.
(c)	Double coincidence of wants was a difficulty faced in the barter system of exchange. Exchange of goods and services was possible only if the wants of two people coincided. In money economy, since money functions as measure of value and medium of exchange, it facilitates exchange of goods and services.

(d)	COPRA Consumer Protection Act: The objective is to provide speedy and inexpensive redressal to the grievances of consumers.
(e)	Indirect taxes help in social reforms. Taxes levied on substances such as cigarette, intoxicants and other harmful substances will reduce its demand for such goods and thus help in improving mental and physical wellbeing of people.

## Question 4

- (a) Distinguish between fixed capital and floating capital. [2]
- (b) How does money act as a standard of deferred payment? [2]
- (c) Define public expenditure? [2]
- (d) What is meant by consumer awareness? [2]
- (e) Mention one difference between demand deposits and time deposits. [2]

### Comments of Examiners

- (a) Many Candidates wrote about *circulating capital* instead of *floating capital*.
- (b) Some candidates wrote about what deferred payment means but did not mention as to how money helps in future payments.
- (c) This part of the question was well attempted by a large number of candidates; however, some candidates could not write the definition of *public expenditure*.
- (d) This was a well attempted part of the question. However, some candidates did not write the meaning of *consumer awareness* correctly.
- (e) Most candidates answered this part correctly but some candidates wrote the difference between demand deposits and recurring deposit instead of *demand deposits* and *time deposits*.

### Suggestions for teachers

- Give as many examples as possible to teach different types of capital, to make the concept clear.
- Address the questions based on differences in a pointwise manner to facilitate students in writing the answers.
- Emphasize on key terms like stability, medium of exchange while teaching the concept of money.
- Drill students to write the definitions with the key words of the definition underlined.
- Give a clear comparison between each type of deposit, if possible, take students for bank visits for practical experience of the different type of bank deposits.

## MARKING SCHEME

### Question 4

(a)	<b>Fixed capital</b> These capital goods are not totally used up in a single period of production. These consist of machines tools and equipments which are used over a long period.	<b>Floating capital</b> These capital goods can be used in alternative lines of production. For example steel can be used in various lines of production
(explain clearly and give one example of each.)		

(b)	Money acts a standard of deferred payments: As the value of money is stable, it is durable and possesses the quality of general acceptability, a large number of transactions involve future payments in terms of money.
(c)	Public expenditure refers to expenditure of the government to promote economic and social welfare of the people.
(d)	Consumer awareness refers to measures taken to make the consumer aware of his rights in order to prevent his exploitation.
(e)	(i) Demand deposits are withdrawable by means of cheques. While fixed deposits cannot be withdrawn before its maturity. (ii) No interest is paid on demand deposits while fixed deposits command a high rate of interest. <i>(explain any one of the differences mentioned above)</i>

## SECTION B (40 Marks)

*Attempt any four questions from this Section*

### Question 5

- (a) Define labour. Suggest three methods to improve the efficiency of Indian labour. [5]
- (b) What is meant by capital formation? Explain three causes of low capital formation in India. [5]

### Comments of Examiners

- (a) Some candidates did not write the full definition of labour. Many candidates wrote why there is low efficiency instead of giving solution to the problem of low *efficiency of Indian labour*.
- (b) Most candidates answered the question correctly. Many candidates wrote the definition of capital rather than writing the definition of *capital formation*.

### Suggestions for teachers

- Instruct students to read the question carefully before attempting it and train them to answer as per the requirement.
- Explain the methods/causes thoroughly to bring about clarity in the answer.
- Explain the differentiation between ‘capital’ and ‘capital formation’ by taking appropriate examples.

## MARKING SCHEME

### Question 5

- |     |  |                                 |
|-----|--|---------------------------------|
| (a) | Labour is defined as any physical or mental endeavor undertaken to earn an income e.g. teacher, doctor, engineer.<br><br>Three steps to improve the efficiency of Indian labour are:<br>(i) Adequate training facility<br>(ii) Better conditions of work<br>(iii) Better attitude of employers | <i>(An example is required)</i> |
|-----|--|---------------------------------|

	(iv) Social security (v) Fair and prompt pay of wages (vi) Advanced technology <i>(Any other relevant matter) (Students must explain any three of the above mentioned)</i>
(b)	Capital formation refers to addition made to existing volume of capital per unit of time in an economy. Causes of low capital formation are: (i) Low savings, lack of ability to save. (ii) Inadequate banking facility. (iii) Poor performance of public sector units. (iv) Low investment. (v) Fear of nationalization. (vi) Tax burden <i>(Any other relevant matter)</i> <i>(Students must explain any three of the above mentioned)</i>

## Question 6

- (a) Mention an important difference between a Commercial Bank and the Central Bank. [5]  
 Explain briefly three methods adopted by Commercial Banks to advance credit to borrowers.
- (b) Define the term 'Entrepreneur'. Discuss three ways by which an entrepreneur [5]  
 promotes economic growth.

### Comments of Examiners

- (a) Most candidates answered this part correctly. However, a few candidates could not differentiate between Central and Commercial Bank. In the second part of the question, some candidates could not write the three methods adopted by Commercial Banks to advance credit to borrowers. Some candidates missed out key words, for example, while writing about overdraft facility they did not mention that it holds only in current account.
- (b) Most of the candidates answered both the parts correctly with a few exceptions where candidates wrote about qualities of an entrepreneur instead of writing how they help in economic development of the country.

### Suggestions for teachers

- Focus on the important differences between Commercial bank and the Central bank. Also explain the methods of advancing loans to customers.
- Develop in students the habit of marking key word of any definition while the concept is being taught.
- Explain with the help of examples the ways in which an entrepreneur promotes economic growth.

## MARKING SCHEME

### Question 6

(a)	<p>An important difference between Commercial Bank and Central Bank is that, Central Bank enjoys monopoly over note issue and Commercial Banks do not.</p> <p>The methods adopted by Commercial Banks to advance money are the following:</p> <ul style="list-style-type: none"><li>(i) Loan</li><li>(ii) Cash Credit</li><li>(iii) Overdraft facility</li><li>(iv) Discounting of bills of exchange.</li></ul> <p style="text-align: right;"><i>(Students must explain any three of the above mentioned.)</i></p>
(b)	<p>An entrepreneur is the person who organizes production, takes important decisions regarding production, purchases factors of production and bears the risks and uncertainties.</p> <p style="text-align: right;"><i>(Students must highlight his qualities in the definition)</i></p> <p>He promotes economic growth by:</p> <ul style="list-style-type: none"><li>(i) Increasing investment</li><li>(ii) Generating employment opportunities</li><li>(iii) Setting up of industries in the backward areas</li><li>(iv) Reducing dependence on imports</li><li>(v) They help in mobilizing savings</li><li>(vi) They contribute to national income</li></ul> <p style="text-align: right;"><i>(Any other relevant matter)</i></p> <p style="text-align: center;"><i>(Students must explain clearly the above-mentioned role played by an entrepreneur)</i></p>

### Question 7

- (a) With the help of a suitable diagram explain the meaning of rightward shift in the demand curve. Explain briefly any two of its determinants. [5]
- (b) Name the institution which enjoys the monopoly of note issue. Explain the following functions of this institution: [5]
- (i) Bankers Bank
  - (ii) Banker to the Government

## Comments of Examiners

- (a) Some candidates answered this question correctly. However, many candidates drew the *supply curve* instead of the *demand curve*. Some drew the graph correctly but either did not label the graph correctly or did not label at all.
- (b) Many candidates could not write about the functions of the institution. Some candidates wrote about Commercial bank and a few gave general answers.

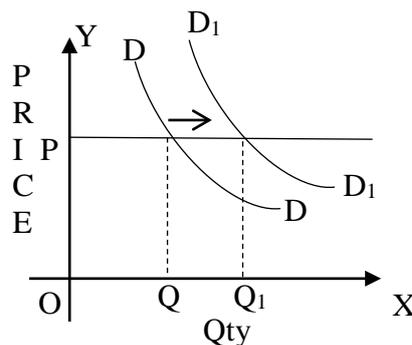
## Suggestions for teachers

- Drill the concept of demand and supply by frequent repetition. Give written practice of these concepts as students very often get confused in the graphs as they both move in opposite directions.
- Differentiate between a commercial bank and the central bank and explain their functions with appropriate examples.
- Encourage an in-depth study of the topics with illustrations to facilitate better understanding and retention.

## MARKING SCHEME

### Question 7

(a)



When demand increases at the same price it is called the rightward shift.

*(Diagram should be drawn neatly and labeled correctly)*

The determinants of increase in demand are:

- Increase in income of the consumer.
- Change in taste and preference in favour of the good.
- Change in government policy in favour of the good.
- Increase in the price of substitutes.
- Expectation of future price.

*(Any other relevant matter)*

*(Students must explain any two of the above mentioned)*

(b)	<p>The institution which enjoys monopoly of note issue is Central Bank.</p> <p>(i) Banker's Bank</p> <p>The Central Bank acts as a Banker's bank in four ways:</p> <ol style="list-style-type: none"> <li>1. Custodian of cash reserves of Commercial Banks</li> <li>2. Lender of the last resort</li> <li>3. Clearing house</li> <li>4. As a supervisor</li> </ol> <p>(ii) Banker to the Government</p> <p>It acts as a banker to the Government. All the banking transactions of the Government is entrusted to Central bank. It offers all those services to the government which a commercial bank offers to the general public.</p>
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## Question 8

(a) State the law of supply. Explain any three factors other than price which determine supply in the market. [5]

(b) Explain the meaning of the following terms: [5]

- (i) Impact
- (ii) Shifting
- (iii) Incidence

To which tax are these terms relevant? Explain any one merit and two demerits of this tax.

### Comments of Examiners

- (a) Many candidates did not mention the statement *other things being equal or constant* while explaining the law of supply. Some candidates wrote about price being a determinant instead of the condition given in the question *factors other than price which determine supply in the market*.
- (b) A small number of candidates answered this question correctly. Many candidates could not explain the meaning of the terms, their relevance with the type of tax and merits and demerits of this tax.

### Suggestions for teachers

- Stress upon the importance of using key words in the answer.
- A proper distinction between direct tax and indirect tax should be given.
- The meaning of shift, impact and incidence should be explained with the help of examples.

## MARKING SCHEME

### Question 8

(a)	Law of supply states that other things remaining the same supply extends with a rise in price and contracts with a fall in price. Factors which determine supply are: (i) Cost of production (ii) Level of technology (iii) Weather condition (iv) Government policy (v) Number of producers (vi) Price expectation (vii) Means of transport and communication <i>(Any other relevant point) (Students must explain any three of the above)</i>
(b)	Meaning of impact – it is the burden of tax in the first instance Shifting – act of shifting the burden of tax Incidence of tax refers to the ultimate burden of tax. This term are relevant to indirect taxes.
	Merits of an indirect tax (i) Convenience (ii) Board based (iii) Equity (iv) Elastic (v) Less tax evasion (vi) Checks on consumption of harmful substances (vii) Protection against foreign competition <i>(Any other relevant matter) (Students must explain any one of the above mentioned.)</i> Demerits of indirect taxes: (i) It can be regressive in nature (ii) No civic consciousness (iii) Uncertain (iv) Discourages savings (v) Inflationary <i>(Any other relevant matter)</i> <i>(Students must explain clearly any two of the above mentioned)</i>

### Question 9

- (a) Mention one way by which consumers are exploited in the market. [5]  
Explain clearly three reasons as to why consumers are exploited.
- (b) Public expenditure in India has increased over the years. Explain four principle [5]  
reasons for its increase.

## Comments of Examiners

- (a) Most candidates answered this question correctly. A few candidates wrote about *how* consumers are exploited instead of *why* they are exploited.
- (b) This question was well attempted by most of the candidates except for a few who wrote general answers and did not use key terms while explained the points.

### Suggestions for teachers

- Explain the difference between *how* and *why* consumers are exploited and instruct the students to read the question carefully.
- Emphasize on the use of key terms whenever writing an open-ended question.

## MARKING SCHEME

### Question 9

(a)	<p>Consumers are exploited in the following ways:</p> <ul style="list-style-type: none"><li>(i) Selling spurious goods</li><li>(ii) Faulty standard of service</li><li>(iii) Cheating consumers by selling second hand goods.</li><li>(iv) Cheating consumers in respect of weights and measures.</li><li>(v) Selling products after the expiry date.</li><li>(vi) Selling the products at a higher price than the MRP.</li><li>(vii) Hidden costs or charges.</li></ul> <p style="text-align: right;"><i>(Any other relevant matter)</i> <i>(Students must explain any one of the above mentioned)</i></p> <p>Three reasons for the exploitation of the consumer:</p> <ul style="list-style-type: none"><li>(i) Illiteracy and ignorance of the consumer</li><li>(ii) Submissive attitude</li><li>(iii) Unorganised consumers</li><li>(iv) Deceptive advertising</li><li>(v) Malpractices of business</li><li>(vi) Failure of the government in promoting consumer awareness.</li></ul> <p style="text-align: right;"><i>(Any other relevant matter)</i> <i>(Students must explain any three)</i></p>
(b)	<p>Reasons for increase in public expenditure are:</p> <ul style="list-style-type: none"><li>(i) To provide strong economic infrastructure</li><li>(ii) Strengthening of defence</li><li>(iii) Development of our villages</li><li>(iv) Expenditure on running the government.</li><li>(v) Provision of social security and welfare measures.</li><li>(vi) Servicing public debt.</li><li>(vii) To cater to the ever-increasing population.</li></ul> <p style="text-align: right;"><i>(Any other relevant matter)</i> <i>(Students must explain any four of the above mentioned clearly)</i> <i>(Students must give one example for each of the points.)</i></p>

## Question 10

- (a) (i) What is meant by the term 'Inflation'? What is its impact on debtors? [5]
- (ii) Explain the following:
1. Creeping inflation
  2. Walking inflation
  3. Hyper inflation
- (b) With the help of a suitable example explain the meaning of geographical or territorial division of labour. Discuss any three advantages of division of labour. [5]

### Comments of Examiners

- (a) (i) Most candidates did not mention the key terms like persistent or continuous. A number of candidates were confused with the term 'debtors', therefore, could not answer this part of the question correctly.
- (ii) Many candidates did not mention the rate at which each inflation increases and its impact on the economy.
- (b) Many candidates could not give an appropriate example of territorial division of labour but the advantages were well attempted by the candidates.

### Suggestions for teachers

- Lay stress on key terms while defining a concept. Meaning of *debtors* and *creditors* must be clarified.
- Organise group discussions on division of labour and ask students to tabulate the responses. This will help them to compare and recollect.
- Give relevant examples using real life situations, while explaining the concept.

## MARKING SCHEME

### Question 10

- |     |   |
|-----|---|
| (a) | <p>Inflation refers to the situation in which prices of goods and services persistently rise at a fast pace over a long period a time. Debtors gain.</p> <p>Creeping inflation – price rise is about 2% per annum, considered to be safe.</p> <p>Walking inflation – about 3% to 6% per annum, less than 10%</p> <p>Hyperinflation – 20% to 100% of rise in price per annum, this can lead to collapse of the monetary system.</p>  |
| (b) | <p>Due to geographical reasons, certain areas specialize in the production of certain goods for example concentration of textile mills in Mumbai, carpet weaving in Kashmir etc.</p> <p style="text-align: right;"><i>(One example is essential)</i></p> <p>Advantages of division of labour are:</p> <ol style="list-style-type: none"><li>(i) Right man in the right place</li><li>(ii) Increase in efficiency of labour</li><li>(iii) Saving of time and tools</li><li>(iv) Invention</li><li>(v) Production of variety of goods</li><li>(vi) Lower cost of production</li></ol> |

- (vii) Increase in mobility of labour
- (viii) Advantage to society
- (ix) Cooperation among workers
- (x) Increase in production
- (xi) Improvement in quality of goods

*(Any other relevant matter) (Students must explain three merits of division of labour)*

## GENERAL COMMENTS

### Topics found difficult/ confusing by candidates

- Explanation of 'Capital depreciates'.
- Concept of Demand and Supply specially, Elasticity of Demand and Supply.
- Proportional tax and progressive tax.
- Indirect taxes help in social reforms.
- Demand deposits and time deposits.
- Merits and demerits of indirect taxes and direct taxes.
- Determinants of rightward shift in the demand curve.
- Geographical/territorial division and efficiency of labour.

### Suggestions for candidates

- Avoid Selective study.
- Plan a time table for preparation.
- Participate in class discussions actively.
- Practice diagrams and graphs with proper labelling, on a regular basis.
- Practice Sample / previous years Question papers.
- Read the question carefully before answering.
- Write specific answers.
- Support answers with examples where required.
- Develop the habit of reading the newspaper daily for comprehension of the general economic scenario related to your classroom study.
- Read magazines related to Economics to keep abreast with the latest economic developments.