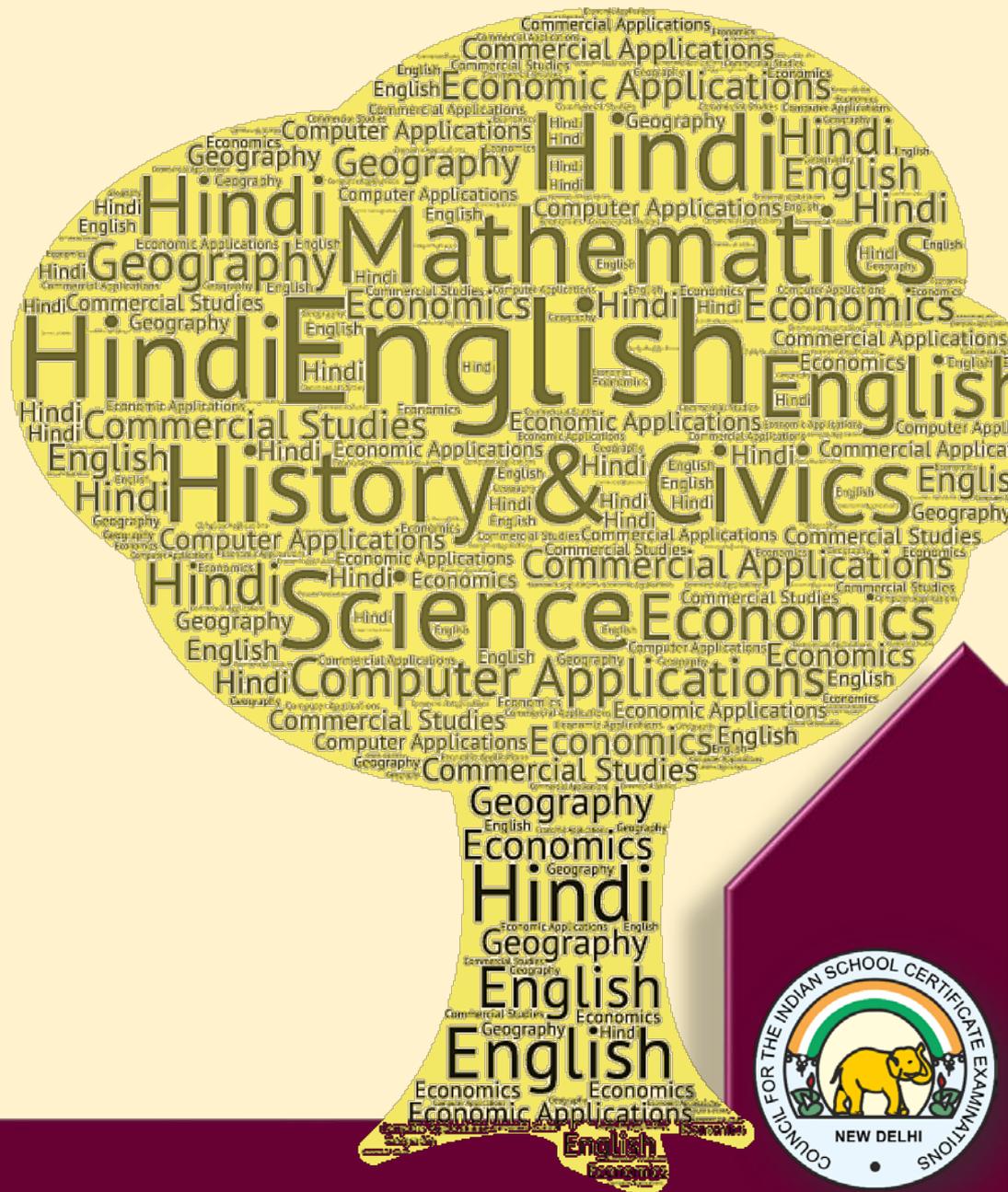


Analysis of Pupil Performance

Year 2017 Examination

ICSE

ECONOMIC APPLICATIONS



Research Development and Consultancy Division

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

Year 2017

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Plot No. 35-36, Sector VI

Pushp Vihar, Saket

New Delhi-110017

Tel: (011) 29564831/33/37

E-mail: council@cisce.org

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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.

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.

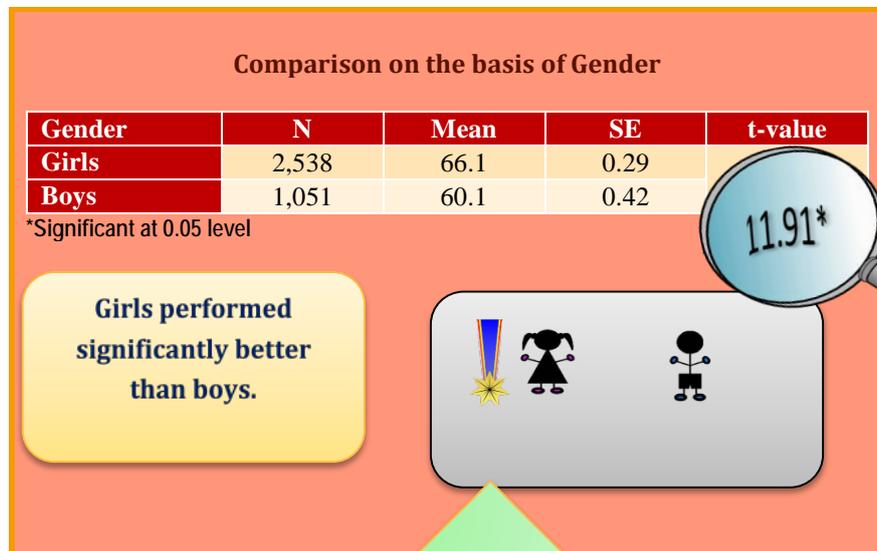
Understanding the tables

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.



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.

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.

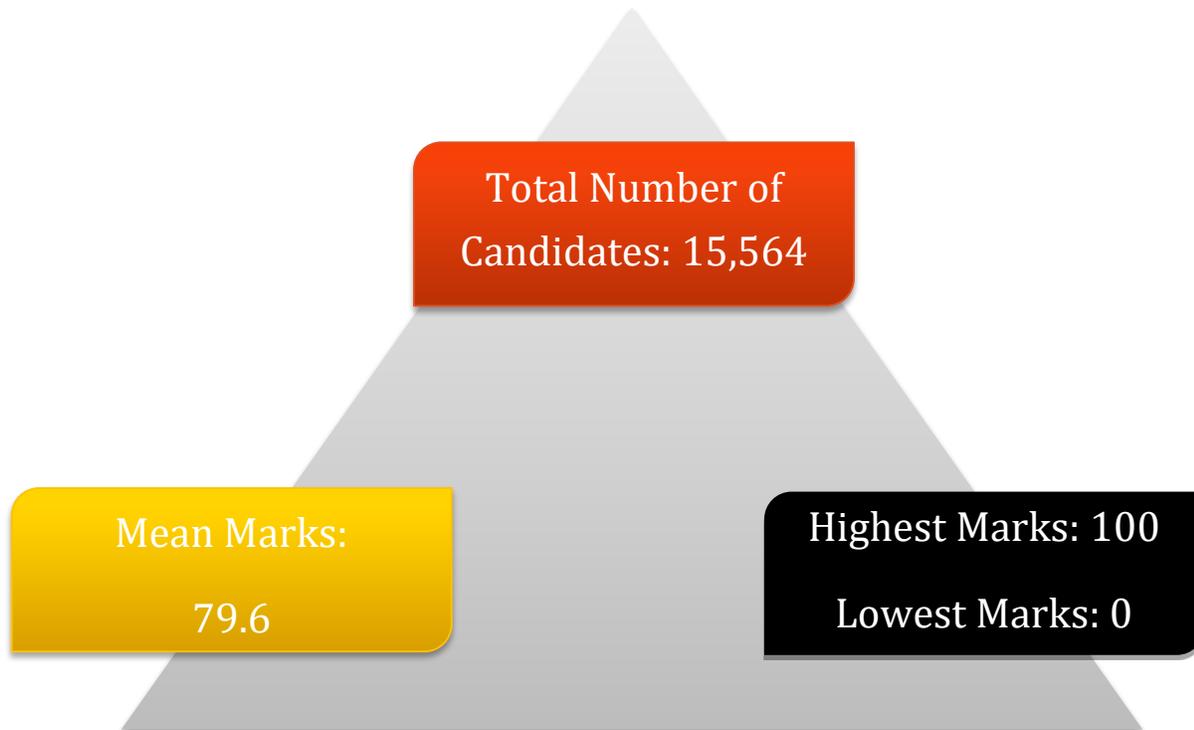
Qualitative Analysis

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

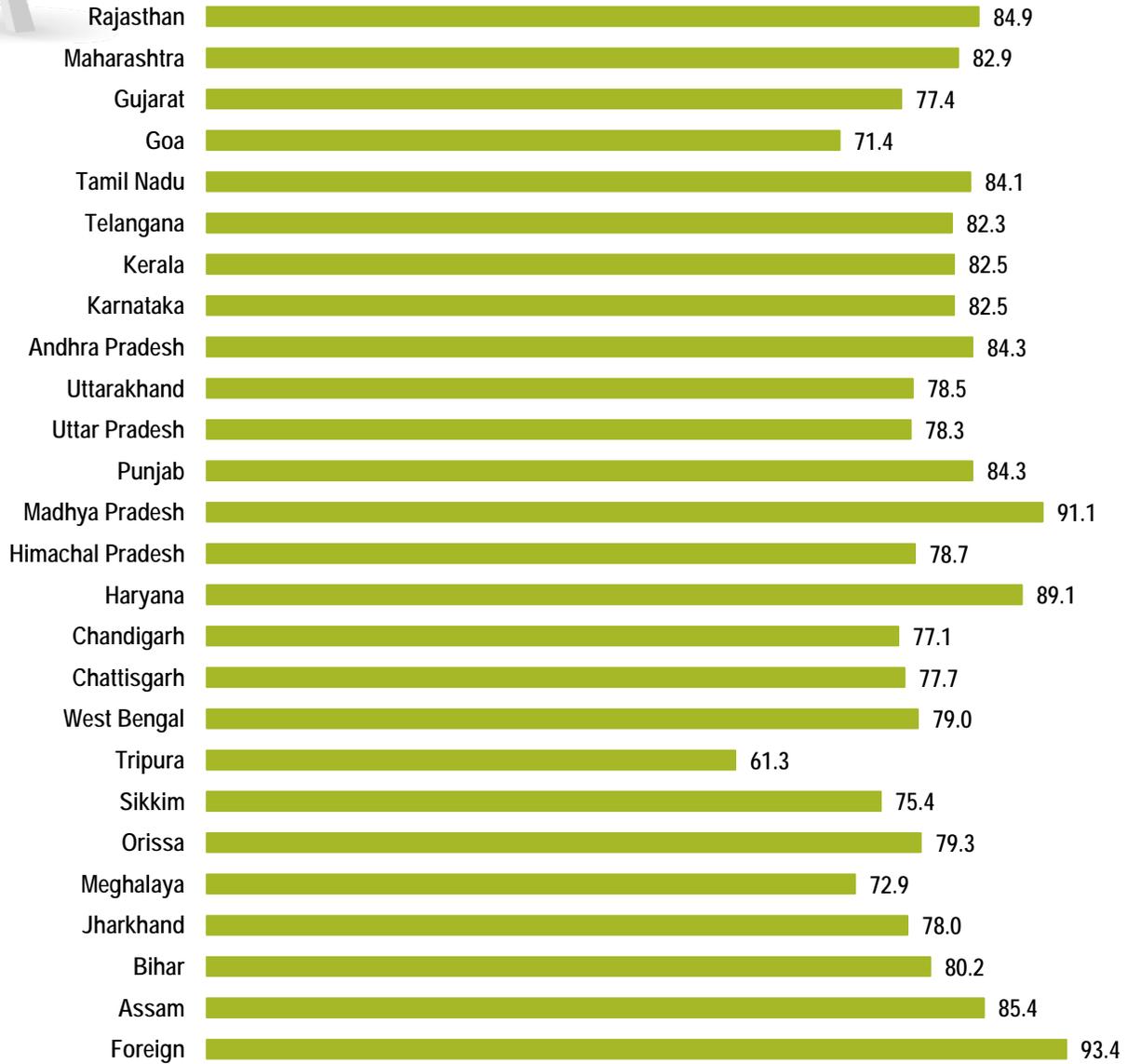


STATISTICS AT A GLANCE





PERFORMANCE (STATE-WISE & FOREIGN)



The States of Madhya Pradesh, Haryana and Assam secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 93.4.



GENDER-WISE COMPARISON



GIRLS

Mean Marks: 81.3

Number of
Candidates: 8,296



BOYS

Mean Marks: 77.5

Number of
Candidates: 7,268

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	8,296	81.3	0.13	18.63*
Boys	7,268	77.5	0.15	

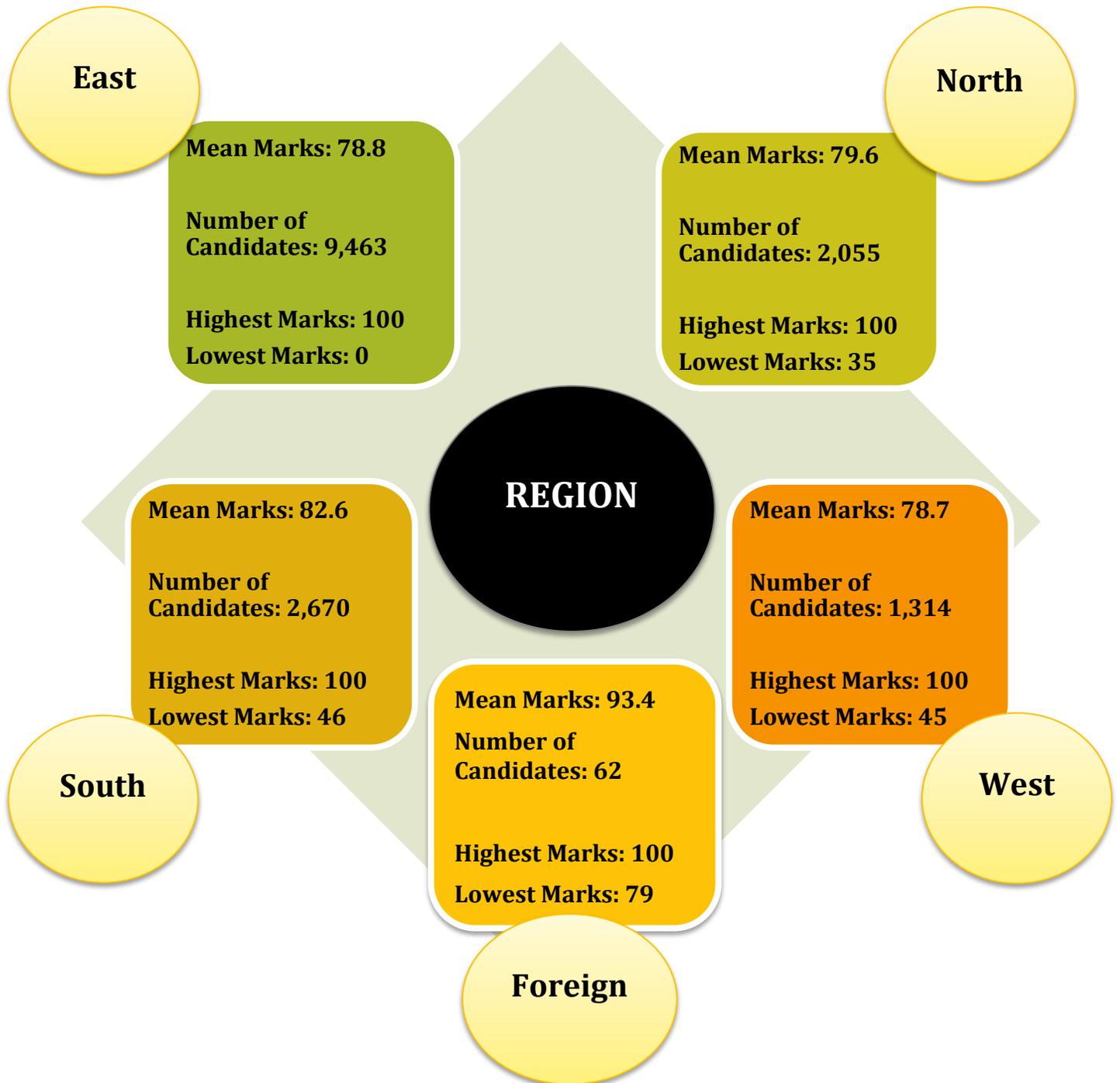
*Significant at 0.05 level

**Girls performed
significantly better than
boys.**

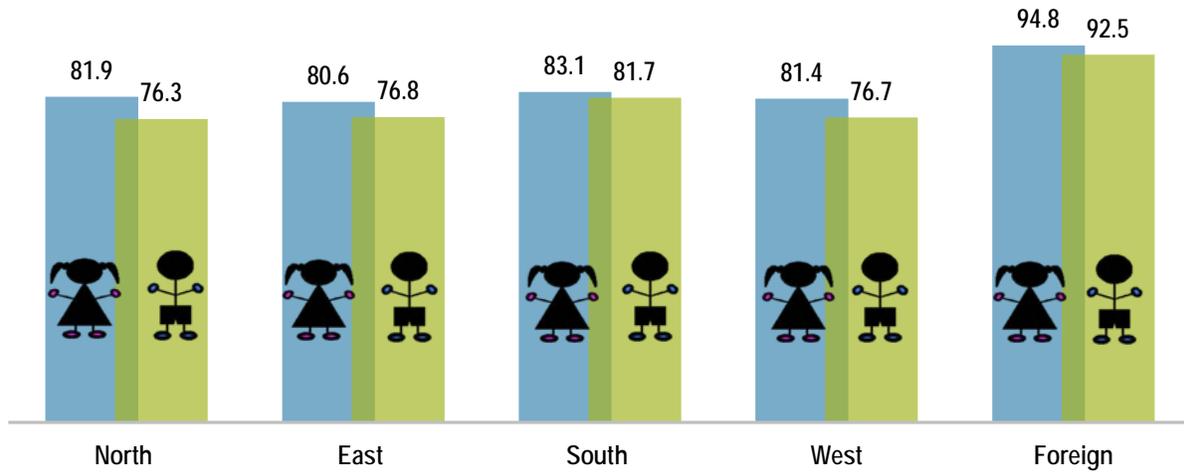




REGION-WISE COMPARISON



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	1,209	81.9	0.34	9.77*
	Boys	846	76.3	0.47	
East (E)	Girls	4,958	80.6	0.18	14.29*
	Boys	4,505	76.8	0.20	
South (S)	Girls	1,549	83.1	0.28	3.27*
	Boys	1,121	81.7	0.33	
West (W)	Girls	555	81.4	0.52	6.63*
	Boys	759	76.7	0.47	
Foreign (F)	Girls	25	94.8	0.80	2.10*
	Boys	37	92.5	0.78	

*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	4,923	89.7	0.07	5.83*
	Boys	3,432	89.1	0.08	
Bottom Range (0-20)	Girls	2	5.0	3.54	-4.24*
	Boys	1	20.0	0.00	

*Significant at 0.05 level

Marks Range (81-100)

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

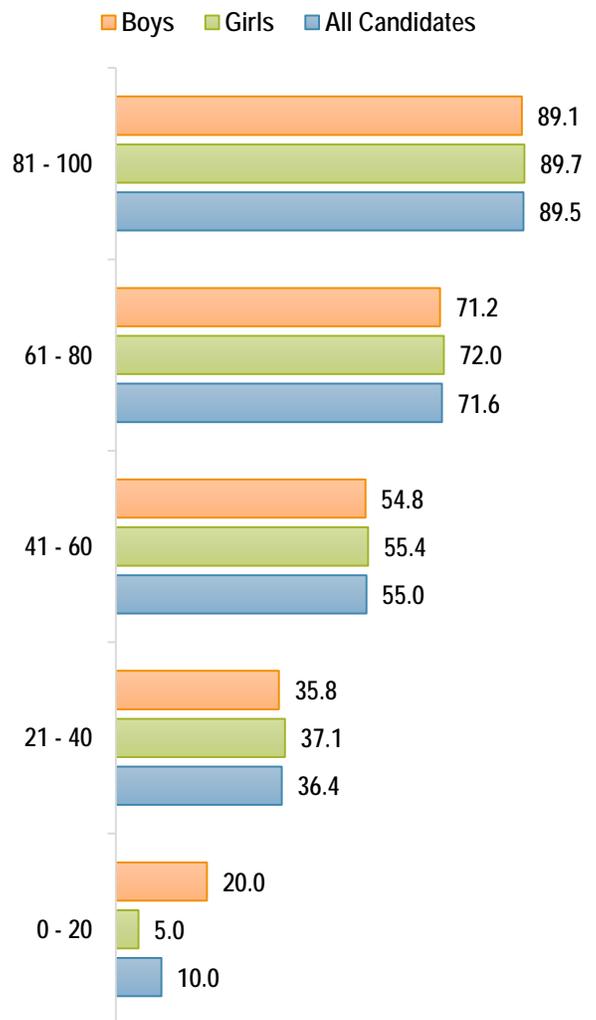
Marks Range (81-100)



Marks Range (0-20)

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

Marks Range (0-20)





GRADES AWARDED : COMPARISON GENDER-WISE

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

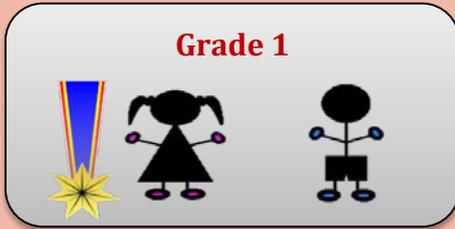
Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	2,342	94.1	0.06	2.39*
	Boys	1,448	93.9	0.07	
Grade 9	Girls	2	5.0	3.54	-4.24*
	Boys	1	20.0	0.00	

*Significant at 0.05 level

Grade 1

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

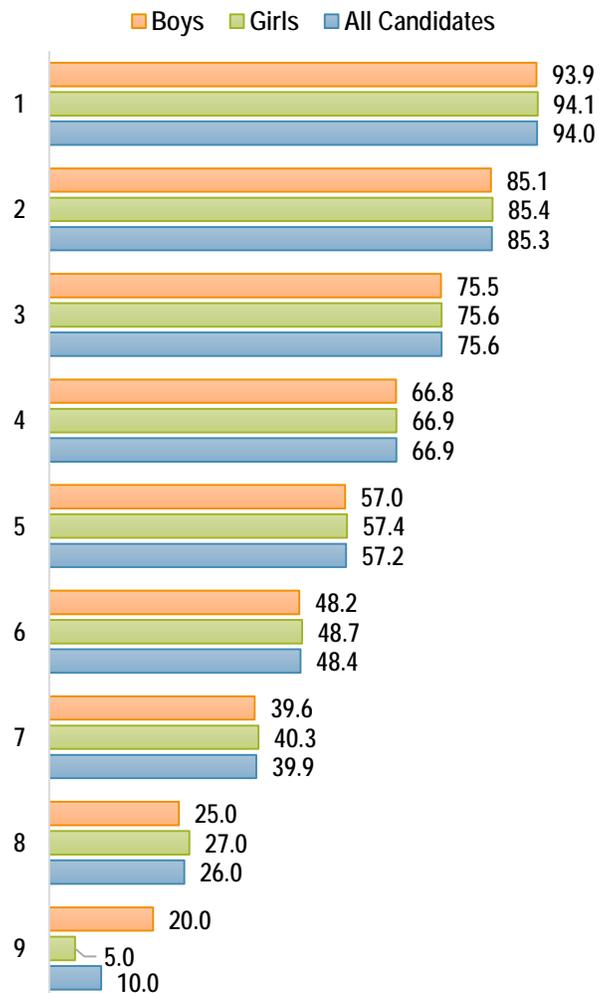
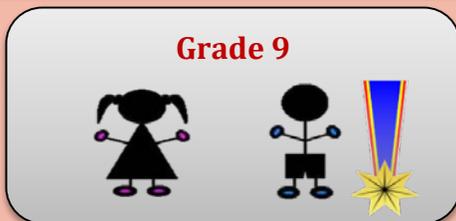
Grade 1



Grade 9

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

Grade 9



QUALITATIVE ANALYSIS

PART I (40 Marks)

Attempt all questions from this Part

Question 1

- (a) Demand is inversely related to price. Explain. [2]
- (b) State two ways in which the government can promote economic development. [2]
- (c) What is meant by Joint demand? Give an example. [2]
- (d) Mention two adverse effects of mining on the environment. [2]
- (e) Draw and briefly explain a perfectly elastic supply curve. [2]

Comments of Examiners

- (a) While many candidates answered correctly, some wrote only one part of the price demand relationship and could not mention the other aspect. A few candidates incorrectly explained price as a function of demand.
- (b) Some candidates mixed up economic and social infrastructure.
- (c) Many candidates were totally confused between joint and derived demand and were unable to explain that joint demand is the demand for complementary goods. The examples were also incorrect.
- (d) Most candidates wrote two adverse effects of mining on the environment correctly.
- (e) There was confusion between perfectly elastic and perfectly inelastic supply curves. Even if the curves were drawn correctly, some candidates forgot to label them and mention that $E_s = \alpha$. Some candidates drew only diagrams but the explanation was missing.

Suggestions for teachers

- Stress upon the importance of writing complete answers and advise students to avoid using terms like etc., vice-versa.
- Bring out the differences between different types of demand clearly with the help of relevant examples.
- Instruct students to write specific answers with very brief explanations.
- Give students enough practice in drawing **labelled** diagrams.

MARKING SCHEME

Question 1

(a) Demand is inversely related to price because when price rises demand contracts and when price falls demand extends.

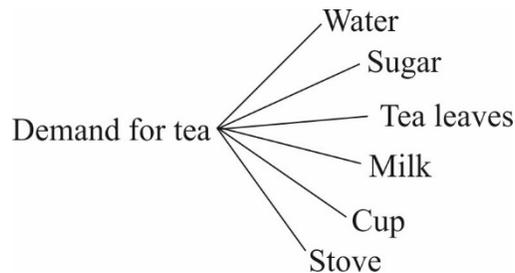
(b) Government can promote economic development by:

- promoting capital formation
- development of economic infrastructure
- improvement in the standard of living
- full employment

(any other relevant point)

[any two]

(c) When commodities are jointly demanded; for example demand for a cup of tea leads to demand for tea leaves, milk, sugar, cup, stove etc.



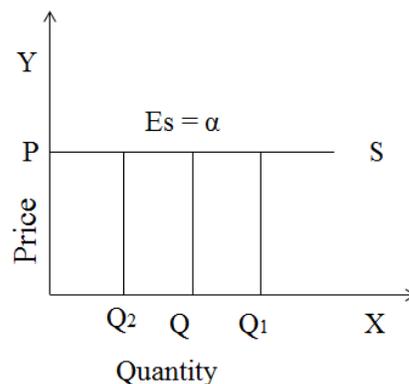
(d) Two adverse effects of mining are:

- deforestation
- air pollution
- water pollution
- affects agriculture

(any other relevant point)

[any two]

(e) A perfectly elastic supply curve.



When with a minute change or without any change in price supply may change to any extent.

Question 2

- (a) If the price of a commodity increases by 50% and its supply increases by 25% then calculate the price elasticity of supply following the percentage method. Identify the degree of price elasticity. [2]
- (b) State any two factors which determine capital formation in a country. [2]
- (c) What is meant by regressive taxation? [2]
- (d) Define Monopoly. Give an example. [2]
- (e) What is meant by creeping inflation? [2]

Comments of Examiners

- (a) The formula was incorrectly written and in some cases or not written at all by several candidates. Some tried to solve it using alternative methods that resulted in incorrect answers. Many candidates did not mention whether the supply was elastic or inelastic.
- (b) The stages of capital formation were written by many candidates instead of the factors affecting capital formation. In some instances, candidates wrote vague answers.
- (c) Regressive taxation was correctly explained by most candidates. However, there was some confusion between 'tax base' and 'tax rates' in certain cases.
- (d) Though a *single seller* was mentioned, some candidates also wrote about a *single buyer* which made the answer incorrect. Irrelevant examples were also cited.
- (e) Some candidates could not write the correct percentages of the price increase during creeping inflation.

Suggestions for teachers

- Instruct students to first write the formula and then proceed with the numerical. Adequate practice should be given in working out numerical problems stressing upon the importance of each step.
- Differentiate clearly between the 'stages of capital formation' and the 'factors affecting capital formation'.
- Teach the different kinds of taxes in a comparative manner so that differences are brought out clearly.
- Monopoly and Monopsony must be clearly explained, Stress upon the fact that there are many buyers in monopoly even though the number of sellers is one.
- Types of inflation and the corresponding rates of increase in prices should be explained in a tabular form to help students remember it better.

MARKING SCHEME

Question 2

(a)	$E_2 = \frac{\text{Percentage change in quantity supplied}}{\text{Percentage change in price}}$ $= \frac{25\%}{50\%} = 0.5$ <p>Less than elastic Ep < 1</p>
(b)	Factors which determine Capital formation are: <ul style="list-style-type: none">- Volume of saving- Ability to save- Willingness to save- Facilities of investment- Income tax policies <p>(any other relevant point) [any two]</p>
(c)	When the burden of tax falls more on the poor than the rich, tax is regressive in nature.
(d)	Monopoly is a market in which there is one producer, it is devoid of competition and there are no close substitutes. e.g. Indian railways or any other relevant example.
(e)	When the price rise is slow e.g. about 2%-3% annually it is known as creeping inflation. This is considered safe and essential for an economy.

Question 3

- (a) Name the market in which there is a single buyer and many sellers. Give an example. [2]
- (b) How does a Central Bank act as a custodian of foreign exchange reserve? [2]
- (c) Define division of labour. Explain one benefit of division of labour. [2]
- (d) How does money act as a measure of value? [2]
- (e) What is meant by a demand deposit? [2]

Comments of Examiners

- (a) This part was answered correctly by most candidates. Some however did not support their answers with examples while a few wrote general examples - 'aircrafts' instead of 'fighter aircrafts'.
- (b) A few candidates were unable to explain how the RBI is responsible for foreign exchange determination and for keeping it safely. They also were unable to link it to foreign trade.
- (c) Some candidates appeared confused between 'division of labour' and 'specialization', Instead of writing that the production process is divided into parts and sub parts, they incorrectly wrote that the labour is divided. The second part of the question was however answered correctly.
- (d) The function of money as a measure of value was not correctly explained by most candidates. In some cases, explanations written were for 'money as a medium of exchange'. Examples were missing in most answers.
- (e) This part was incorrectly answered by most candidates. The key point that *money can be withdrawn any time* and that *the customers could get money from their account on demand* was missing in most answers. Current account as an example was also not written by most candidates.

Suggestions for teachers

- Stress upon the need to write correct and commonly accepted examples as this brings out their understanding better.
- Familiarize students with critical questions through oral questioning and regular tests.
- Explain the difference between monopoly and monopsony clearly.
- Use the blackboard to explain the different functions of money. Ensure that the explanations given in class are understood well by students. Give sufficient number of examples to reinforce learning.
- While explaining important concepts, emphasize on key points, make students underline them and insist that they must use these while answering questions.

MARKING SCHEME

Question 3

(a)	Monopsony. For example Government of India – the only buyer of fighter jets; the railway ministry is the only buyer of railway coaches, wagons, locomotives.
(b)	The Central Banks functions as a custodian of foreign exchange reserves such as dollar of USA, pound of UK and other important foreign currencies, gold and other reserves. This helps in stabilizing the rate of exchange of domestic currency and in overcoming trade deficits.
(c)	Division of work into parts and sub parts and allocation of work according to the ability and aptitude of workers.

	<p>Merits of division of labour are:</p> <ul style="list-style-type: none"> - Right man in the right place. - Increase in efficiency. - Saving time and tools. - Large scale production. - Invention. - Lower cost of production. - Increase in mobility of labour. - Production of variety of goods. <p style="text-align: right;"><i>(explain clearly any one of the above mentioned)</i></p>
(d)	<p>Money is used as a unit of account to measure the value of any commodity or service. (give an example)</p>
(e)	<p>Demand deposits are those which <u>can be withdrawn by the depositor any time</u> by means of cheques. No interest is paid on such deposits rather depositors have to pay something to the bank for services rendered by it. e.g. <u>current account operated by businessmen.</u></p>

Question 4

State whether the following statements are *true* or *false*. Give reasons.

- (a) Inflation has a favourable effect on producers. [2]
- (b) In a perfectly competitive market producers are price makers. [2]
- (c) When change in demand is greater than the change in price, it is a case of inelastic demand. [2]
- (d) Savings is essential for capital formation. [2]
- (e) An increase in the rate of tax with an increase in income is called proportional tax. [2]

Comments of Examiners

- (a) Though most candidates answered 'true', the reasoning was incorrect. They could not connect the profits gained by the producers to increased prices and therefore a favourable impact.
- (b) A few candidates could not explain satisfactorily how producers are 'price – takers' in a perfectly competitive market or are 'price makers' in a monopoly.
- (c) Most candidates identified that it was a case of elastic demand and wrote correct explanations.
- (d) Most candidates answered correctly that savings is essential for capital formation.
- (e) Most candidates answered this part correctly.

Suggestions for teachers

- Train students to answer application and reasoning based questions.
- Impress upon students that even the statements which are 'true' must be justified.
- Logical explanations may be given using flow charts to help students learn better e.g. Inflation >prices increase > profits increase >producers gain.

MARKING SCHEME

Question 4

(a)	True. Producers earn huge profits during inflation.
(b)	False. Producers in this market are unable to influence the price, they accept the price the market offers.
(c)	False. It is a case of highly elastic demand.
(d)	True. Savings is the basis of Capital formation. Savings promotes Capital formation.
(e)	False. It is progressive tax.

PART II (60 Marks)

Attempt any four questions from this Part

Question 5

- (a) Define a Perfect market. Explain any four features of a Perfect market. [7]
- (b) (i) What do you understand by supply? How does it differ from stock? [8]
- (ii) What does the Law of Supply state? List two assumptions of this Law.
- (iii) Explain two factors affecting supply other than price.

Comments of Examiners

- (a) In several cases, definitions of ‘perfect market’ lacked key words like ‘homogeneous’ or ‘identical products’. The sub headings and the explanations that followed were also not corresponding at times. A few candidates mixed up the features of Perfect market with monopolistic and monopoly markets.
- (b) (i) The concept of ‘stock’ was not understood properly and therefore candidates were unable to bring out the difference between ‘supply’ and ‘stock’.
- (ii) The Law of Supply was written in an incomplete manner where candidates missed out phrases like ‘all things being equal’ (ceteris paribus); ‘during a given time period’. The assumptions of the Law of Demand were mixed up with the assumptions of the Law of Supply.
- (iii) Several candidates wrote about price as one of the factors affecting supply though the question clearly asked about ‘factors other than price’. Some candidates incorrectly wrote about the factors affecting demand.

Suggestions for teachers

- Discuss the features of various market forms in a tabular form so that students can easily distinguish between the different markets.
- Bring out the difference between supply (what is actually sold in the market) and stock (what can be brought into the market at a short notice).
- Train students to underline the key words/phrases in their notes.
- While revising, give detailed explanations on how to differentiate between demand and supply (on the basis of laws, assumptions, factors influencing them, schedules, curves) so that the students can clearly understand the concepts.

MARKING SCHEME

Question 5

(a)	<p>Perfect market is a market in which there are a large number of buyers and sellers. Goods sold are identical.</p> <p>Its feature are:</p> <p>(i) Large number of buyers and sellers</p> <p>(ii) Free entry and exit of firms</p> <p>(iii) Perfect knowledge</p> <p>(iv) Perfect mobility</p> <p>(v) Absence of selling cost</p> <p>(vi) Absence of transport cost</p> <p style="text-align: right;"><i>(Any four to be explained clearly)</i></p>
(b)	<p>(i) Stock refers to the total quantity of goods that can be brought into the market for sale. Supply refers to the quantity of goods that a retailer is willing to sell at a given price per unit of time.</p>

(ii) Law of supply states that other things remaining the same, supply extends with a rise in price and contracts with a fall in price.

Assumptions of law of supply:

- Price of other related goods remains constant.
- Technology remains constant.
- Cost of production remains the same.
- Taxation policy of the government remains constant

(Any two assumptions relevant to the law should be mentioned)

(iii) Factors influencing supply are:

- Price of other goods.
- Goals of the firm.
- Price of factors of production.
- State of technology.
- Number of producers.
- Price expectation.
- Government policy
- Natural factors
- Transport facility and communication.

(Any two of the above mentioned should be clearly explained)

Question 6

- (a) What is meant by urbanization? Explain four impacts of urbanization on the environment. [7]
- (b) With the help of appropriate diagram, explain the meaning of contraction in demand and extension in demand. [8]

Comments of Examiners

- (a) The correct meaning of *urbanisation* was not written by some candidates. Though the question asked about the impact of urbanisation on the environment, some candidates wrote generalized answers with vague explanations.
- (b) In several cases, extension and contraction of the demand curve was drawn without any arrows to indicate the same. Labelling of diagrams was not done/ was incomplete in many cases. A few candidates showed shifts instead of extension / contraction.

Suggestions for teachers

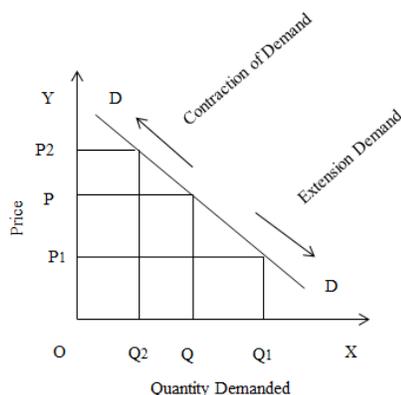
- Instruct students to read the question paper carefully before attempting to answer.
- Explain the movement and shifting of the demand curves simultaneously so that the students understand concepts clearly.
- Give adequate practice in drawing and labelling of diagrams. Impress upon students the importance of drawing arrows to indicate the movement of the curves.

MARKING SCHEME

Question 6

- (a) Urbanization refers to general increase in urban population because of the movement of people from less industrialised region to more industrialised region.
- Growth of unhygienic slums
 - Exposed to all kinds of diseases
 - Deterioration of the quality of city environment
 - Deterioration of agricultural land, plantation, forest areas, wet Lands
- (any other relevant points)
(any four points to be explained)

(b)



- When a buyer purchases more quantity because of reduction in its price, it is known as extension of demand.
- When less quantity of an item purchased due to a rise in price, it is termed as contraction of demand.

(Diagram should be neatly drawn and labelled. Students must explain the meaning of extension and contraction in demand.)

Question 7

- (a) Define *land*. State any three factors which determine the productivity of land. [7]
- (b) What is meant by a Commercial Bank? Explain how Commercial banks provide credit facilities through the methods given below: [8]
- (i) Cash Credit
 - (ii) Loan
 - (iii) Over Draft facility

Comments of Examiners

- (a) The term 'land' in economics was not defined accurately. Candidates stopped at writing that anything given by nature is considered land and failed to give examples like soil, water, forest and minerals. Factors affecting productivity of land was written well.
- (b) The definition of a 'commercial bank' was missing in many answers written by the candidates.
- (i) While explaining this part, several candidates could not mention that borrowers have to open a current account and on the amount actually utilized by the borrower, interest is charged.
 - (ii) The fact that borrowers have to provide a security while borrowing loans was not written by most candidates.
 - (iii) Though answered correctly, most candidates forgot to mention that the overdraft facility is generally available to current account holders.

Suggestions for teachers

- Reiterate the importance of writing correct definitions.
- Stress upon the key points to be included while answering questions.
- Give projects based on Banking so that students visit local banks and become aware of different types of deposits and loans.

MARKING SCHEME

Question 7

(a)	<p>Land refers to all kinds of natural resources available to man above and below the surface of earth, e.g. mineral resources, land surface, climatic condition, water bodies etc. An example should be given.</p> <p>Factors which determine productivity of land:</p> <ul style="list-style-type: none">- Natural factors- Human factors- Improvement on land- Location of land- Ability of labour and capital- Ownership of land- Availability of factor inputs- Proper use of land- Reforms introduced by the government. <p style="text-align: right;"><i>(Any three of the above mentioned should be explained clearly)</i></p>
(b)	<ul style="list-style-type: none">- Commercial Banks are financial institutions which borrow money from the public for the purpose of lending money to the public.- Cash credit – the bank advances a cash loan against a bond or other security. The interest is charged only on the amount actually utilized by the borrower.- Loan – A loan is sanctioned to the credit of the borrower for a fixed period. Interest is charged on the full amount sanctioned as loan.- Overdraft – The overdraft facility is allowed to the depositor maintaining a current account with the bank. A borrower is allowed to withdraw more amount than what he has deposited. The rate of interest is higher than loan.

Question 8

- (a) What is meant by Monetary policy? Explain the following: [7]
- (i) Bank rate policy
 - (ii) Open market operations.
- (b) What is meant by product differentiation? To which market is it relevant? Explain three features of this market. [8]

Comments of Examiners

- (a) While defining 'Monetary Policy', the role of the Central Bank was not expressed by some candidates.
- (i) Bank Rate Policy as a tool to connect inflation and deflation was not explained satisfactorily. Some candidates seemed unaware of the importance of the bank rate as a tool of Monetary policy.
- (ii) A few candidates were confused as to how Open Market operations can be used to control credit. They just wrote the basic definition without elaborating their significance and role as tools of credit control.
- (b) The terms *Product differentiation* and *price discrimination* were mixed up by most candidates. Candidates also did not mention relevant examples of monopolistic competition. The features of this market were also not clearly explained by the candidates. Some wrote the features of perfect/monopoly market instead.

Suggestions for teachers

- Emphasise the need for clear and correct explanations in Part II section of the paper. Instruct students to explain more elaborately.
- Guide students in attempting application based questions. Discuss the answers after they receive their test/exam papers and make them note the points they may have omitted due to lack of understanding.
- Explain the credit control measures with the help of flow charts - the step by step action can easily be understood by this method.
- Teach the market forms in a comparative manner stressing upon the features in each market form. Compare and contrast so that the students understand better.

MARKING SCHEME

Question 8

- (a) Monetary policy refers to policies of the government which has a direct impact on the volume and composition of money supply. These policies are implemented by the Central Bank on behalf of the government.
- Bank rate policy is a credit control method implemented by the Central Bank. It is the rate at which Central Bank lends money to a Commercial Bank against approved securities. Change in bank rate leads to change in other interest rates. In order to control credit flow, the Central Bank will raise the bank rate and reduce it during recession to expand money circulation.
- Open market operation refers to the buying and selling of government securities in the open market when Central Bank intends to control credit, it sells government bonds and purchases them when it desires to expand money flow. Sale of government securities by RBI to the Commercial Banks will reduce the volume of loanable funds and results in decline in credit flow, while purchase of these securities from the Commercial Bank will expand credit flow.

(b)	<p>Product differentiation refers to a situation in which the goods produced in the market are similar and not homogeneous. This is a feature of Monopolistically competitive market.</p> <p style="text-align: right;">(give an example)</p> <p>Features are:</p> <ul style="list-style-type: none"> - Large number of buyers and sellers - Product differentiation - Free entry and exit - Non price competition - Independent price policy - Selling cost <p style="text-align: right;">(explanation of any three features mentioned above)</p>
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Question 9

- (a) Define money. Explain three contingent functions of money. [7]
- (b) What is meant by privatization? Explain briefly four problems of public sector undertakings in India. [8]

Comments of Examiners

- (a) The definition of money was incomplete in many cases. The explanation for the contingent functions of money was sketchy and not satisfactory. Majority of the candidates wrote *primary* and *secondary* functions of money instead of *contingent* functions of money as required.
- (b) Only a few candidates explained privatisation correctly. The concept of privatisation was not understood by most candidates. The problems faced by the Public sector were explained well but some candidates wrote the merits of privatization instead of the problems of the private sector.

Suggestions for teachers

- Teach the functions of money in a tabular form so that students can clearly distinguish between primary, secondary and contingent functions.
- Bring out clearly the differences between private sector and privatization. Students must clearly understand the concepts of privatization and disinvestment in these days of globalization.
- Discuss newspaper and magazine reports to make the concepts clearer. Arrange group discussions and debates to reinforce the learning of concepts.

MARKING SCHEME

Question 9

(a)	<p>Money is any commodity which is generally accepted as a common medium of exchange.</p> <p>Contingent functions are:</p> <ul style="list-style-type: none">- Distribution of national income- Basis of credit- It helps in remunerating factor inputs- Assisting consumption and production decisions <p style="text-align: right;"><i>(explain any three of the above)</i></p>
(b)	<p>Privatization refers to any process that reduces the participation of public sector / the government sector in economic activities. It implies greater role for private capital enterprise in the functioning of the economy.</p> <p>Problems faced by Public Sector Undertakings:</p> <ul style="list-style-type: none">- Lack of incentive- Wasteful expenditure- Corruption- Delay in completion- Under utilization of plant capacity- Technical problem- Political interference- Improper price policy- Surplus manpower- Heavy social cost <p style="text-align: right;"><i>(explain any four of the above mentioned)</i></p>

Question 10

Read the extract and answer the following:

Labour refers to any physical and mental endeavour undertaken for the purpose of producing a good or a service. In India in 2012 there were 487 million workers, the second largest after China. About 94% of Indian labour is involved in the unorganised sector comprising semi-skilled and unskilled workers ranging from push cart vendors to

home based diamond and gem polishing operators. The organised sector includes workers employed in the public sector and the private sector.

- (i) Explain any four special characteristics of labour. [6]
- (ii) With suitable examples explain three important classifications of labour. [6]
- (iii) Define efficiency of labour. Briefly explain the impact of technology on efficiency of labour. [3]

Comments of Examiners

- (i) This part was answered correctly by most candidates. However, in some cases, the sub-headings and the explanation offered did not match.
- (ii) Majority of the candidates answered incorrectly. Instead of writing on *classification of labour* they wrote the classification of *division of labour*.
- (iii) Many candidates failed to write the key words like *quality*, *quantity* and *time taken*. Very few could explain the positive impact of technology on the efficiency of labour.

Suggestions for teachers

- Train students to understand application based questions. These should regularly be practiced through tests and assignments.
- Give extracts from different newspapers and magazines so that students get sufficient exposure to a variety of concepts and questions.
- Instruct students to read the questions thoughtfully before attempting to answer.

MARKING SCHEME

Question 10

- | | |
|-----|--|
| (a) | (i) Characteristics of labour are: <ul style="list-style-type: none">- Perishable nature of labour- Labour is an active factor- Labour cannot be separated from labourer- Labour sells his labour and not himself- Labour is mobile- Labour differs in efficiency- Labour can improve efficiency |
|-----|--|

- Supply of labour is inelastic
- It is both a means and an end of production
- Demand for labour is derived
- Bargaining power of labour is low

(Any four of the above should be explained clearly)

(ii) Three classification of labour are:

- skilled labour
- semi-skilled labour
- unskilled labour (*explain each of these with suitable examples*)

(iii) Efficiency of labour refers to productive capacity of a worker. It is measured in terms of:

- Quantity of output produced by a worker
- The quality of output
- Time taken to produce it

Technology plays a vital role in promoting the quality of labour. Technical education and advanced technology has a great impact on skill development of workers. This also leads to greater possibilities of inventions and innovation.

(a simple explanation of the impact of technology)

GENERAL COMMENTS

Topics found difficult/confusing by candidates

- Types of demand.
- Types of bank deposits (Time and demand deposits).
- Types of Bank loans.
- Privatization.
- Contingent functions of money.
- Tools of Credit Control.
- Definitions of various economic terms.

Suggestions for candidates

- Read the questions carefully before making any attempts to answer.
- Underline the main points.
- Avoid selective study.
- Revise the work done in the class regularly.
- Try to understand the meaning of each terminology taught in the class and its significance.
- Part I requires brief and to the point answers while Part II requires you to explain and elaborate upon your points. Allocate sufficient time for Part II.
- Practice graphs and diagrams.
- Use flowcharts, tables and acronyms while making your points. This will help you to remember better.
- Solve as many previous years' question papers as possible to get an idea about the different ways in which questions can be asked.
- Practice answering questions in a systematic manner and within the given time limit.