

# Analysis of Pupil Performance

**Year 2018  
Examination**

**ICSE**

# ECONOMICS



*Research Development and Consultancy Division*

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

**Year 2018**

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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) of the Research Development and Consultancy Division (RDCD) of the Council and her team, 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.

**October 2018**

**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 documents include 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 2018 have a 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 2018 Examinations, but also provide information on 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 teachers 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 2018 covers the following subjects: English (English Language, Literature in English), Hindi, History, Civics and Geography (History and Civics, Geography), Mathematics, Science (Physics, Chemistry, Biology), Commercial Studies, Economics, Computer Applications, Economic Applications, Commercial Applications.

Subjects covered in the ISC Analysis of Pupil Performance document for the Year 2018 include English (English Language and Literature in English), Hindi, Elective English, Physics (Theory), Chemistry (Theory), Biology (Theory), 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. M.K. Gandhi, Dr. Manika Sharma, Mrs. Roshni George and Mrs. Mansi Guleria who have done a commendable job in preparing this document.

*October 2018*

*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 2018 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.

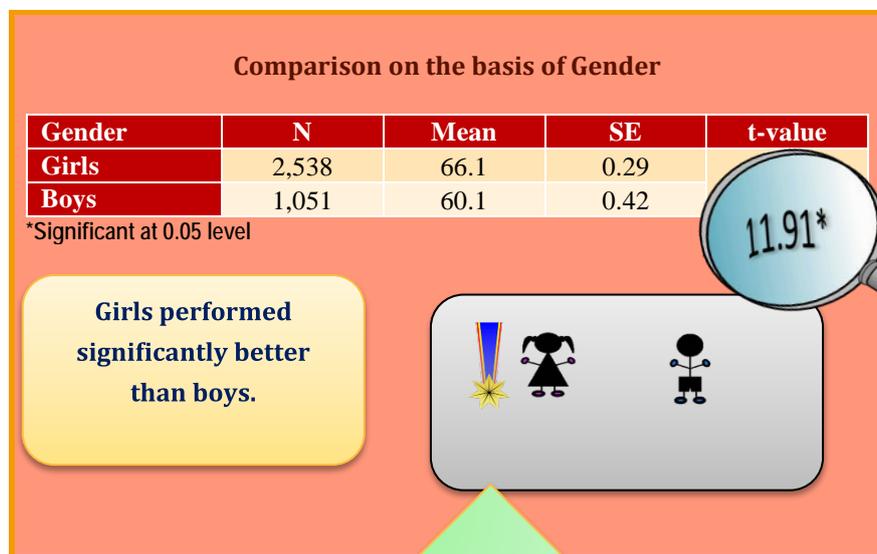
## Understanding the tables

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 2018 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.

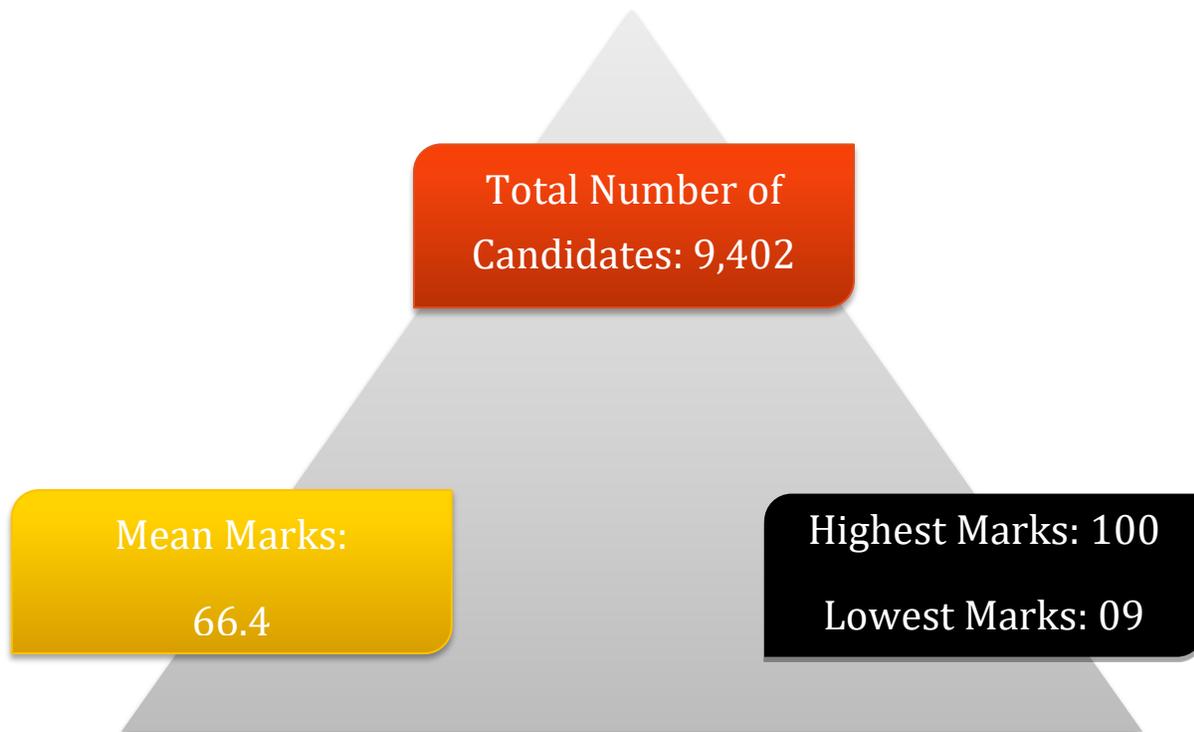
## Qualitative Analysis

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

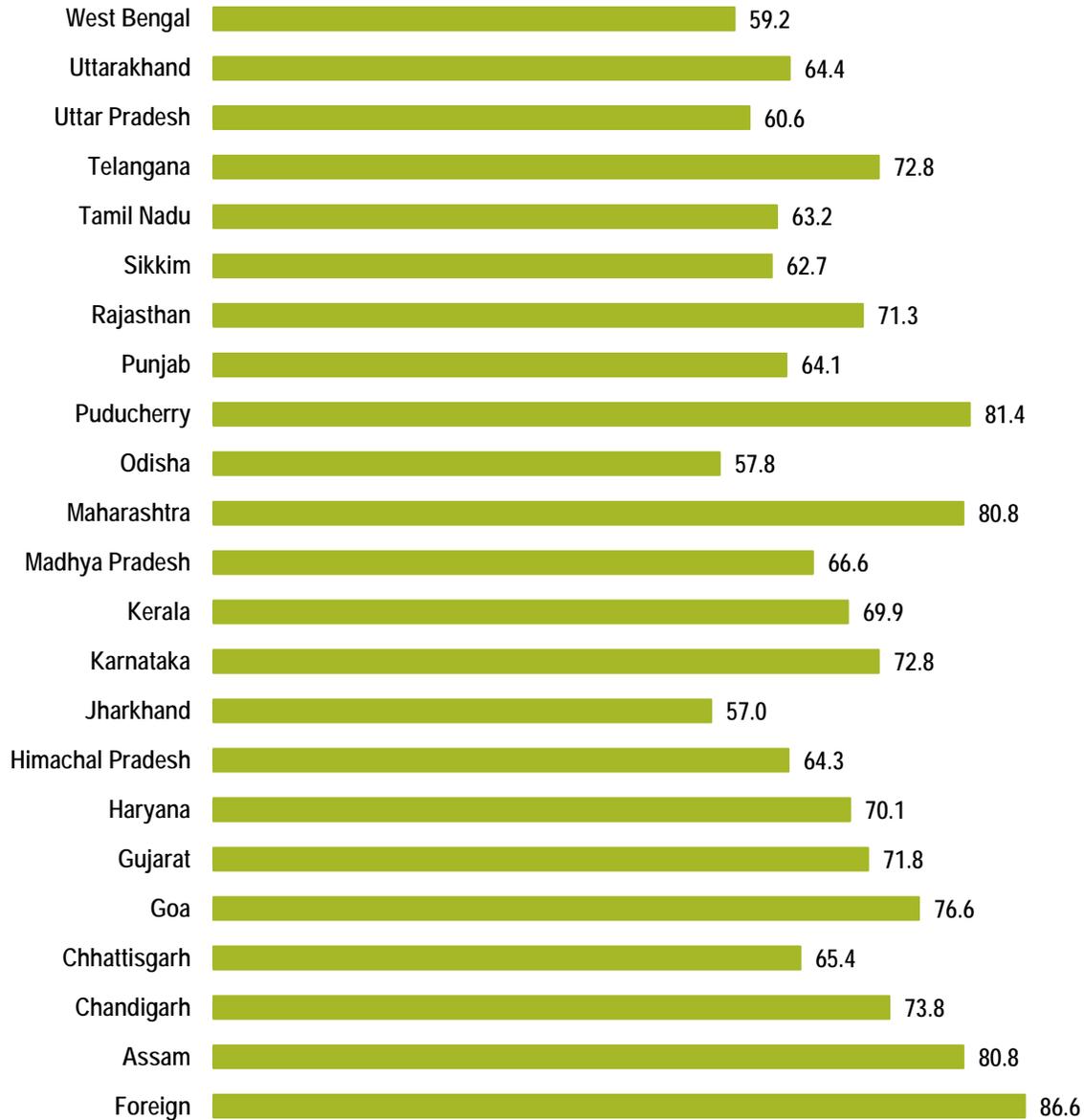


## STATISTICS AT A GLANCE





## PERFORMANCE (STATE-WISE & FOREIGN)



**The States/ UTs of Puducherry, Assam and Maharashtra secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 86.6.**



## GENDER-WISE COMPARISON



**GIRLS**

Mean Marks: 69.1

Number of  
Candidates: 4,597



**BOYS**

Mean Marks: 63.8

Number of  
Candidates: 4,805

### Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	4,597	69.1	0.28	13.49*
Boys	4,805	63.8	0.28	

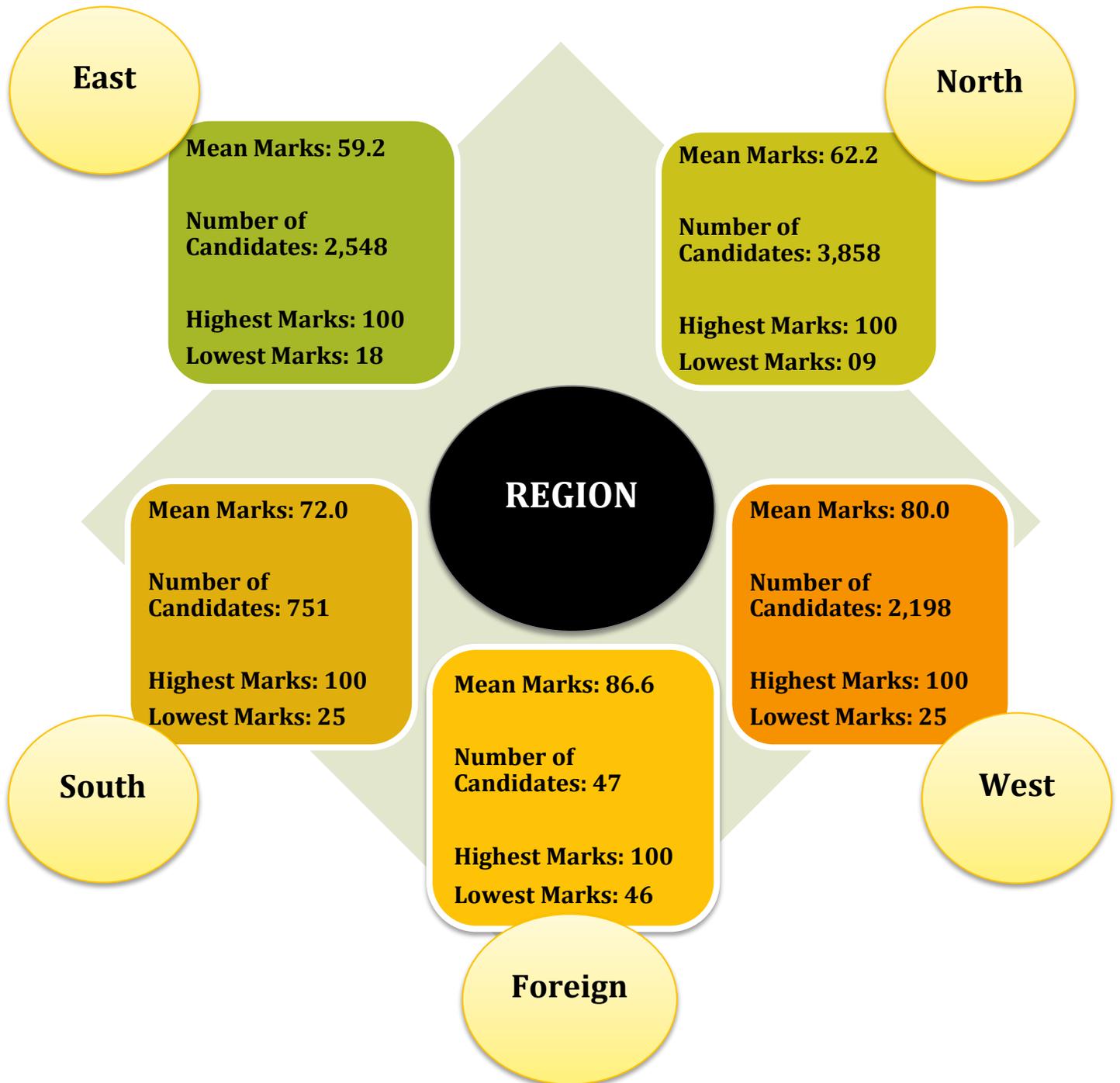
\*Significant at 0.05 level

**Girls performed  
significantly better than  
boys.**

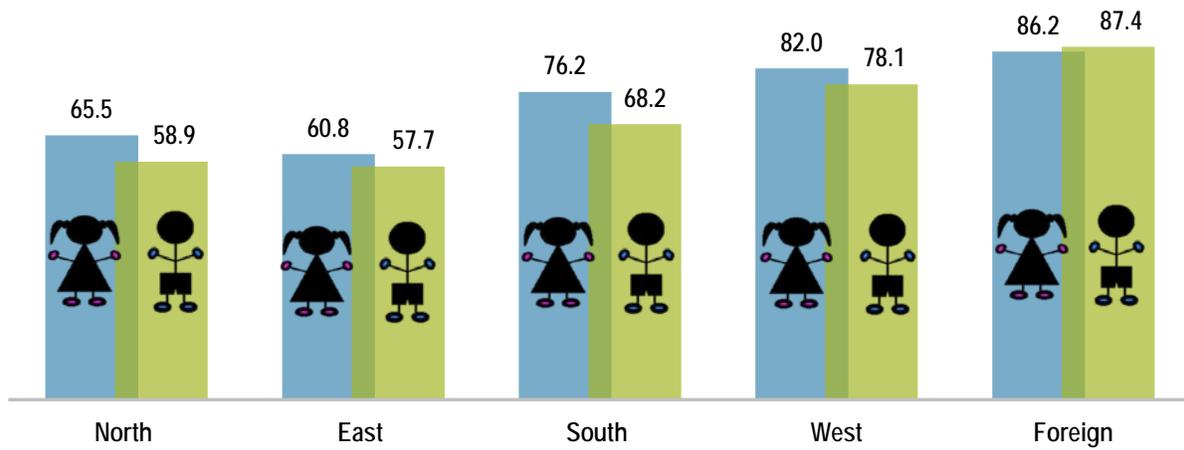




## REGION-WISE COMPARISON



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



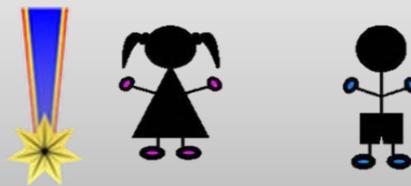
### Comparison on the basis of Gender within Region

Region	Gender	N	Mean	SE	t-value
North (N)	Girls	1,907	65.5	0.42	10.96*
	Boys	1,951	58.9	0.43	
East (E)	Girls	1,216	60.8	0.50	4.64*
	Boys	1,332	57.7	0.46	
South (S)	Girls	354	76.2	0.79	7.04*
	Boys	397	68.2	0.83	
West (W)	Girls	1,087	82.0	0.42	6.31*
	Boys	1,111	78.1	0.47	
Foreign (F)	Girls	33	86.2	2.36	-0.26
	Boys	14	87.4	3.73	

\*Significant at 0.05 level

The performance of girls was significantly better than that of boys in all the regions except foreign region.

#### REGION (N, E, S, W)





## 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	1,487	89.9	0.15	3.64*
	Boys	1,126	89.1	0.17	
Bottom Range (0-20)	Girls	2	18.5	0.50	0.73
	Boys	11	17.7	0.94	

\*Significant at 0.05 level

#### Marks Range (81-100)

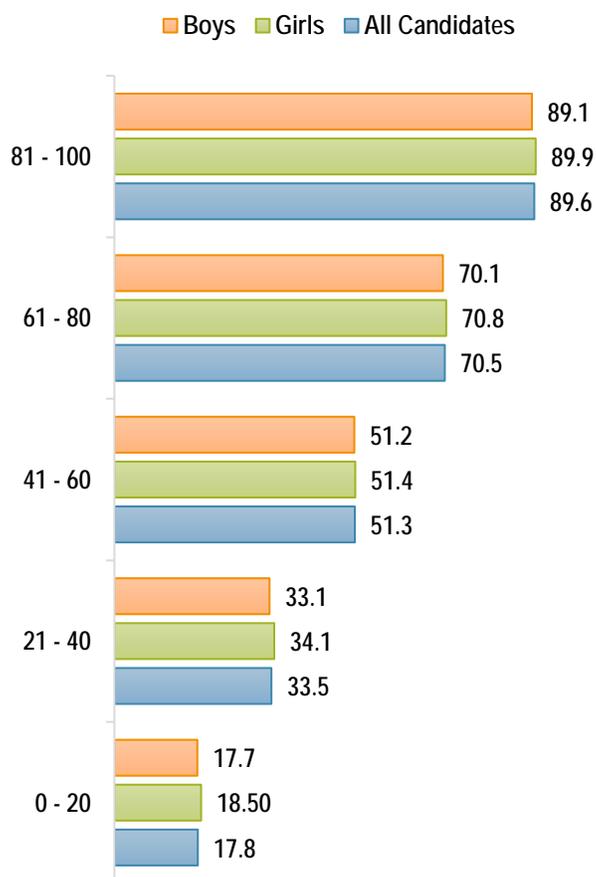
Performance of girls was significantly better than the performance of boys.

#### Marks Range (81-100)



#### Marks Range (0-20)

No significant difference was observed between the average performance of girls and boys.



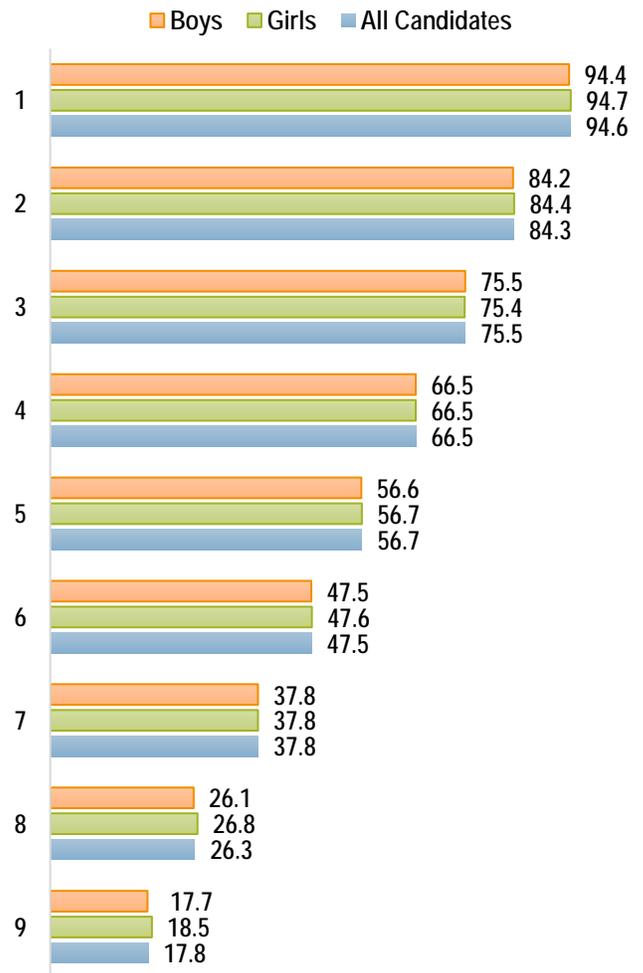


# GRADES AWARDED : COMPARISON GENDER-WISE

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

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	758	94.7	0.12	1.38
	Boys	513	94.4	0.14	
Grade 9	Girls	2	18.5	0.50	0.73
	Boys	11	17.7	0.94	

**No significant difference was observed between the average performance of girls and boys.**



# QUALITATIVE ANALYSIS

## SECTION I (40 Marks)

*Attempt all questions from this Section*

### Question 1

- (a) Give two reasons as to why the *division of labour* is an *advantage* to the producer? [2]
- (b) Define the term *consumer awareness*. [2]
- (c) Why do *small farmers suffer* during inflation? [2]
- (d) Which are the *two sources* of public revenue? [2]
- (e) Define the term *labour* as a factor of production. [2]

### Comments of Examiners

- (a) Most of the candidates, instead of writing the reasons for division of labour being advantageous to a producer, wrote about the advantages of division of labour to the consumers, workers and society.
- (b) Some candidates, instead of defining consumer awareness, discussed various rights of the consumers. A few candidates did not write the key words like *rights and duties* in their answer.
- (c) Most of the candidates attempted this question correctly. A few candidates, however, wrote the definition of inflation, instead of the impact of inflation on farmers.
- (d) Most candidates wrote the appropriate sources of taxes i.e. *Tax and Non-Tax revenues*.
- (e) Majority of the candidates were able to answer this question. However, a few candidates did not write the keyword *reward* in the definition

### Suggestions for teachers

- Tell the students to read the questions carefully and answer them according to their requirements.
- Instruct the students to emphasize on the keywords when writing definitions.
- While teaching inflation, bifurcate the topic of impact of inflation through examples of big and small farmers.
- Give examples of the various sources of revenues of the government.
- Lay emphasis on key words of the definitions.

## MARKING SCHEME

### Question 1

(a)	<ul style="list-style-type: none"><li>– Increases the size of production</li><li>– increases the quality of production</li><li>– reduces cost of production</li><li>– greater possibilities of inventions</li><li>– saving of time and tools</li><li>– benefits large scale production</li><li>– avoids wastage of resources</li></ul> <p style="text-align: right;">(Any two)</p>
(b)	Consumer's consciousness towards his / her rights or duties and protection is called consumer awareness. <p style="text-align: center;"><i>OR</i></p> The knowledge of the consumer towards their rights and protection is called consumer awareness.
(c)	<ul style="list-style-type: none"><li>(i) As a major portion of theirs is not marketed but instead kept for self consumption.</li><li>(ii) They have to purchase inputs like seeds, fertilizers, insecticides etc. at higher prices during inflation.</li></ul>
(d)	Tax- direct or indirect, and Non tax - administrative & commercial <p style="text-align: right;">(Any two)</p>
(e)	Labour consists of all human efforts of body or mind which are <i>undertaken in the expectation of reward</i> .

### Question 2

- (a) Explain *any one factor* that *affects the supply of a commodity*. [2]
- (b) What do you *understand* by the term '*near money*'? [2]
- (c) A list of goods are given below. [2]  
State whether it is *fixed capital* or *circulating capital*.
  - (i) Machines
  - (ii) Raw material
  - (iii) Fuel
  - (iv) Office furniture
- (d) With the help of *an example* explain the term *productive debt*. [2]
- (e) Explain *any two* characteristics of capital. [2]

## Comments of Examiners

- (a) Some candidates, instead of writing a factor that *affects the supply of a commodity*, explained a factor that affects its demand. Some candidates wrote the heading but did not explain it.
- (b) Very few candidates attempted this question.
- (c) Majority of the candidates were able to answer this question.
- (d) Some candidates explained public expenditure instead of productive debt. A few candidates were unable to give an example of productive debt.
- (e) Many candidates, instead of explaining characteristics of capital, wrote the functions of capital.

### Suggestions for teachers

- Make a flow chart to explain to the students, the difference between public expenditure and productive debt. The explanation should be accompanied with relevant examples.
- Lay stress that every heading should be accompanied with its explanation.
- Tell the students to read the questions carefully and answer them according to their requirements.
- Teach topics by giving examples from real life situations.
- Explain to the students, the meaning of the terms functions and characteristics so that they are able to write their answer according to the demands of the question.

## MARKING SCHEME

### Question 2

(a)	<ul style="list-style-type: none"> <li>– Price of the commodity</li> <li>– price of other commodities</li> <li>– price of related goods,</li> <li>– goals of the firms,</li> <li>– prices of factors of production.</li> <li>– State of technology</li> <li>– Number of producers</li> <li>– Future expectation regarding price</li> <li>– Taxes and subsidies</li> <li>– Natural factors means of transport and communication</li> </ul> <p style="text-align: right;"><i>(Head point with explanation)</i></p>
(b)	Near money refers to highly liquid assets which can be easily converted in to cash at a short notice.

(c)	<p>(i) Fixed Capital</p> <p>(ii) Circulating</p> <p>(iii) Circulating</p> <p>(iv) Fixed</p>
(d)	<p>Productive debts are those debts which are used by the government for those projects which yield income.</p> <p>Example: Construction of railways, irrigations, power projects, establishment of heavy industries such as iron, steel, cement, fertilizer.</p> <p style="text-align: right;"><i>(Any one example)</i></p>
(e)	<ul style="list-style-type: none"> <li>– Capital is man made.</li> <li>– Capital is durable</li> <li>– Capital is a passive factor of production</li> <li>– A mobile factor</li> <li>– Supply of capital is elastic</li> <li>– Capital is subject to depreciation</li> <li>– Capital is the result of pas saving.</li> </ul> <p style="text-align: right;"><i>(Header point with explanation)</i></p>

### Question 3

- (a) How is land *different* from labour? [2]
- (b) Draw a *diagram* showing a perfectly elastic demand curve. [2]
- (c) With help of an *example* explain the term *complementary goods*. [2]
- (d) Name any *two sources of external debt* for India. [2]
- (e) *Differentiate* between *creeping* and *running* inflation. [2]

## Comments of Examiners

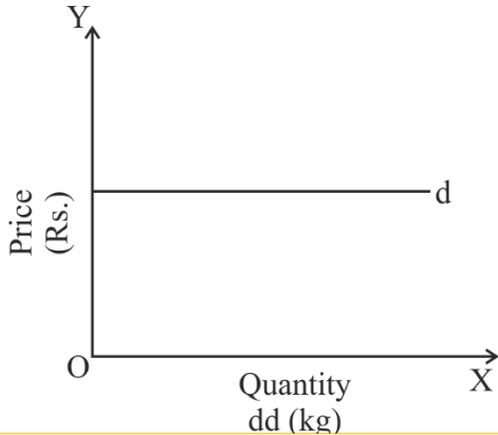
- (a) Majority of the candidates were able to answer this question. A few candidates, however, wrote the features of land in the column for labour and vice-versa.
- (b) Some candidates did not write the symbol for the degree of elasticity.
- (c) Majority of the candidates were able to answer this question.
- (d) Most of the candidates answered this part correctly.
- (e) Most of the candidates were unable to give the correct range of percentage for both the types of inflation.

## Suggestions for teachers

- Train the students to name the axis of the graphs.
- Give sufficient practice to the students to draw graphs with complete detailing.
- Make the students familiar with the different percentage ranges of each type of inflation.
- Explain key words with examples.

## MARKING SCHEME

### Question 3

(a)	Land → Passive, immobile, inelastic, perishable, can be separated from the owner. Labour → active, mobile, relatively inelastic, permanent, cannot be separated. (Any two)
(b)	$Ed = \infty$  
(c)	Complementary goods are those goods which are jointly demanded to satisfy a particular want. Example: car and petrol, pen and ink, glass and water or any liquid. (Any one example)
(d)	World Bank, IMF, IDA, USA, OPEC, Russia Federation
(e)	Creeping inflation: (i) Price rises 2 percent annually (ii) Essential for economy because it keeps the economy away from stagnation. Running inflation:

- |  |
|--|
| (i) Price rises around 10 to 20 percent per annum  |
| (ii) The economic position becomes worse (as it affects the poor and middle class people adversely). |

## Question 4

- (a) Mention *two ways* by which *efficiency* of labour can be improved. [2]
- (b) What does the term '*nationalisation of banks*' mean? [2]
- (c) Why is India considered to be in a *virtual debt trap*? [2]
- (d) Give *any two* reasons *for giving the monopoly right of note issue* to the Central Bank. [2]
- (e) Mention *any two* duties of a consumer. [2]

## Comments of Examiners

- (a) Some candidates did not write the captions. A few candidates wrote the reasons for the efficiency of labour being low.
- (b) Several candidates did not write the keywords like *taking over* by the government.
- (c) This question was not well answered by most of the candidates.
- (d) Majority of the candidates were able to answer this question. Some candidates, instead of mentioning the rights of the Central Bank to issue currency notes, wrote other functions of the Central Bank.
- (e) Majority of the candidates were able to answer this question.

### Suggestions for teachers.

- Tell the students to read the questions carefully and answer them according to their requirements.
- Train the students to write captions in every answer.
- Emphasize on the importance of using relevant economic terms specially while explaining the meaning of terms.
- Train students to answer application-based question.
- Explain to the students the meaning of the terms functions and rights so that they are able to write their answer according to the demands of the question.
- Teach topics by giving examples from real life situations.

## MARKING SCHEME

### Question 4

(a)	<ul style="list-style-type: none"><li>– Payment of wages should be fair and prompt.</li><li>– Bonus must be given</li><li>– Working conditions in factories / work place should improve</li><li>– Social security measures such as insurance, provident fund, pension etc. should be given.</li><li>– Hours of work should not be more than 8 hours.</li><li>– Technical education facilities should be expanded in all fields.</li></ul>
(b)	By nationalization we mean the taking over by the government the ownership and management of the commercial bank.
(c)	As India is in a situation where the government has to borrow for the purpose of meeting interest obligation on old debt.
(d)	<ul style="list-style-type: none"><li>– It brings uniformity in note circulation,</li><li>– it gives distinctive prestige to the note issue as a result people develop faith in the currency,</li><li>– government can have supervision and control over the supply of money,</li><li>– central bank can exercise control over the creation of credit by commercial banks</li></ul> <p style="text-align: right;"><i>(Any two)</i></p>
(e)	<ul style="list-style-type: none"><li>– Consumer should look at the quality of the product,</li><li>– should look for warrantee or guarantee card,</li><li>– should check for ISI or BIS, Agmark,</li><li>– ask for cash memo,</li><li>– be aware of their rights,</li><li>– should form consumer awareness organisations,</li><li>– should know the method how to proceed if he is cheated.</li></ul> <p style="text-align: right;"><i>(Any two)</i></p>

## SECTION B (40 Marks)

*Attempt any four questions from this Section*

### Question 5

- (a) Give any five differences between *product* and *process* based division of labour. [5]
- (b) Explain any five rights of the consumers as accepted by the Indian law. [5]

### Comments of Examiners

- (a) Some candidates were unable to write five differences between the *product* and *process* based division of labour.
- (b) Majority of the candidates were able to answer this question. However, a few candidates wrote the captions without their explanation.

### Suggestions for teachers.

- Supplement the already existing material by doing research on various topics.
- Lay stress that every heading should be accompanied with its explanation and relevant examples.

### MARKING SCHEME

#### Question 5

(a)	Product	Process
	(i) When the entire process of production of a single good or service is done individually or collectively by the members of a family.	(i) When the process of production is split up into different operations and each worker does one or a few operations.
	(ii) The worker specializes in the production of a commodity or service.	(ii) Worker specializes in a particular process of the production of the commodity.
	(iii) It is simple in nature.	(iii) It is complex in nature.
	(iv) It is based on labour intensive technique of production.	(iv) It is based on capital intensive technique of production.
	(v) It is generally found in small enterprises.	(v) It is generally found in large enterprises like corporate or quasi corporate enterprises.
	(vi) Indian farmers doing all the farm activities with the help of his family members collectively.	(vi) A modern garment factory.
(b)	– Right to safety	

- Right to be informed
- Right to choose
- Right to be heard
- Right to seek redressal
- Right to consumer education.

(Explain any five)

## Question 6

(a) How do the manufacturers and traders *exploit the consumers*? [5]

(b) Explain the role of *an entrepreneur* in the *economic development* of the country. [5]

## Comments of Examiners

- (a) Majority of the candidates were able to answer this question. However, a few candidates, instead of writing how consumers are exploited, wrote about why they are exploited.
- (b) Some candidates explained the functions of an entrepreneur. A few candidates wrote about qualities of an entrepreneur.

### Suggestions for teachers

- Explain the concepts of why and how the consumers are exploited, by giving real life examples.
- Regularly test the students on every topic.
- Emphasize on the use of key terms in answers of open-ended questions.

## MARKING SCHEME

### Question 6

- (a)
- Under weight and under measurement,
  - substandard quality,
  - duplicate articles, high prices,
  - lack of safety devices,
  - artificial scarcity,
  - poor after sales services,
  - adulteration and impurity,
  - rude behavior and undue conditions.

(Explain any five)

- (b)
- National income increases,
  - mobilise idle savings through the issues of shares and debentures,
  - generate employment opportunities,
  - set up industries in backward areas to avail concessions,
  - reduce dependence on foreign countries.

## Question 7

- (a) How is a commercial bank *different* from a central bank? [5]
- (b) What are *the merits* of an indirect tax? [5]

### Comments of Examiners

- (a) Majority of the candidates were able to answer this question. A few candidates, however, wrote the features of a commercial bank in the column for central bank and vice-versa.
- (b) Majority of the candidates, instead of writing the merits of indirect tax, wrote its demerits

### Suggestions for teachers

- Advise the students to check, before submitting their answer scripts, whether their answers are as per the requirements of the questions.
- Train the students to read questions properly before answering them.
- Lay stress that every heading should be accompanied with its explanation and relevant examples

## MARKING SCHEME

### Question 7

(a)	Central bank	Commercial bank
	(i) It is the apex institution of the monetary and banking structure of the country.	(i) It operates under the guidelines of the central bank.
	(ii) Its main objective is to promote social welfare.	(ii) Its main objective is to earn profit.
	(iii) Central bank is generally a government owned institution.	(iii) It may be both privately owned or government owned institution.
	(iv) It has got the monopoly right of note issue.	(iv) It does not have such rights.
	(v) It is banker to the government and commercial banks.	(v) It is a banker only of general public.
	(vi) No direct public dealing.	(vi) Has direct public dealing.
	(vii) There can be only one central bank with a few offices in the country.	(vii) There are a number of commercial banks with a large number of branches all over the country and also even abroad.
		<i>(Any five)</i>
(b)	– Convenient	

- Wide coverage
- Equity
- Elastic
- No evasion
- Check on consumption of harmful commodities
- Protection against foreign competition.

(Explain any five)

## Question 8

- (a) With the help of a graph explain relatively inelastic demand for a commodity. [5]
- (b) Discuss any five advantages of having a bank account. [5]

### Comments of Examiners

- (a) Not many candidates attempted this question. Some candidates did not write the degree & symbol of elasticity. Several candidates did not name the axis while a few candidates did not write what each axis measured.
- (b) Majority of the candidates were able to answer this question. A few candidates, however, instead of writing the advantages of a bank account, wrote its functions.

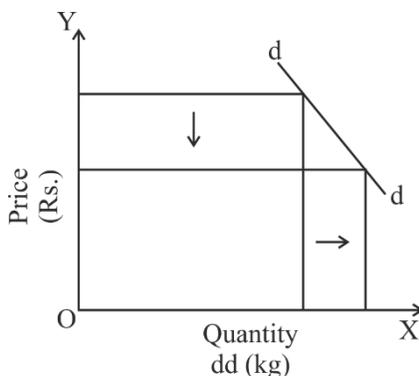
### Suggestions for teachers

- Train the students to name the axis of the graphs.
- Give sufficient practice to the students to draw graphs with complete detailing.
- Train students to answer application-based question.
- Give a project on banking

## MARKING SCHEME

### Question 8

- (a) When the percentage change in demand is lesser than that percentage change in price  $E_d < 1$



(b)	<ul style="list-style-type: none"> <li>– Develops the habit of saving,</li> <li>– payments through cheques are always easier and safe,</li> <li>– businessmen can get their bills of exchange discounted easily,</li> <li>– customer can avail overdraft facility,</li> <li>– a customer can make payment of premium to the insurance company,</li> <li>– money is safe,</li> <li>– any transactions through a bank account can be produced as an evidence in case of dispute,</li> <li>– customers earn interest.</li> </ul>
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*(Explain any five)*

## Question 9

- (a) Explain *any five* characteristics of tax. [5]
- (b) (i) What is meant by the term *demand pull inflation*? [5]
- (ii) Discuss *any three causes* of demand pull inflation.

### Comments of Examiners

- (a) Some candidates, instead of explaining the characteristics of tax, explained the canons of taxation.
- (b) (i) Some candidates did not write the keyword needed for the definition.
- (c) (ii) A number of candidates wrote the causes of cost push inflation instead of the causes of demand pull inflation.

### Suggestions for teachers

- With the help of a flow chart, discuss the features, merits & demerits of taxes.
- Lay stress on key terms and relevant examples, while explaining the meaning of concepts and economic terms

## MARKING SCHEME

### Question 9

- |     |   |
|-----|---|
| (a) | <p>Five characteristics of Tax are as follows:</p> <p>(i) <b>Compulsory payment:</b> Refusal to pay taxes is subjected to legal action and punishment by the government.</p> <p>(ii) <b>General Welfare:</b> The amount received from taxes is spent for common benefits or general welfare.</p> <p>(iii) <b>No Quid Pro Quo:</b> The essence of the tax is the absence a proportionate return to the tax payer from the public authority.</p> <p>(iv) A tax is payable regularly and periodically as determined by the taxing authority.</p> |
|-----|---|

	(v) A tax is a legal collection.
(b)	<p>Demand pull inflation: Refers to a situation/ in which prices rise/ because the demand for goods and services exceeds/ the total supply available at current prices.</p> <p>Three Causes (To be explained briefly):</p> <ul style="list-style-type: none"> <li>– Increase in money supply</li> <li>– Increase in disposable income</li> <li>– Increase in population</li> </ul>

## Question 10

- (a) (i) Define the term *demand*. [5]
- (ii) Explain *any three* factors that affect the demand for a commodity.
- (iii) Why are articles of distinction or the Veblen effect an exception to the law of demand?
- (b) Discuss *any five* reasons for growth of public expenditure in India. [5]

## Comments of Examiners

- (a) (i) A few candidates did not write key terms like *time & price*.
- (ii) Majority of the candidates were able to answer this question.
- (iii) Majority of the candidates were able to answer this question. However, a few candidates, being unable to comprehend the question, did not write a satisfactory answer.
- (b) Majority of the candidates were able to answer this question.

### Suggestions for teachers

- Emphasize on key economic terms.
- Repeatedly revise assumptions and exceptions of law of demand, either through class discussions or through written work.
- Regularly discuss projects undertaken by the government, laying emphasis on their expenditures and benefits

## MARKING SCHEME

### Question 10

- (a) (i) Demand means the quantity of a commodity or service that a consumer is willing to buy at a given price and at a given time.
- (ii) – Price of the commodity
- Price of related goods,
  - Income of the consumer,
  - Tastes and preferences
  - Consumer credit facility
  - Population

	<ul style="list-style-type: none"> <li>– Season and weather</li> <li>– Government policy</li> <li>– State of business</li> <li>– Distribution of income. <span style="float: right;"><i>(Any three)</i></span></li> </ul> <p>(iii) Such goods are mainly purchased because their price is high. A fall in their price may lead the rich people to buy less because now the rich man's desire for distinction is not satisfied or to maintain status symbol.</p>
(b)	<p>Political causes</p> <ul style="list-style-type: none"> <li>– Growth of democracy</li> <li>– Increase in defense expenditure</li> </ul> <p>Social causes</p> <ul style="list-style-type: none"> <li>– Population growth</li> <li>– Social services</li> <li>– Social security measures</li> </ul> <p>Economic causes</p> <ul style="list-style-type: none"> <li>– Rise in prices</li> <li>– Growth of public sector</li> <li>– Economic assistance to private sector</li> <li>– Development programmes</li> <li>– Growing trend of urbanisation</li> </ul> <p style="text-align: right;"><i>(Any five)</i></p>

## GENERAL COMMENTS

### Topics found difficult / confusing by candidates

- Plotting of graphs of demand and supply.
- Application based question on money.
- Concept of demand pull inflation.
- Defining terms like demand.
- Veblen effect.
- Monopoly rights of note issue to the central bank.
- Product & process based division of labour (differentiation).
- Supporting answers with captions and examples.

### Suggestions for candidates

- Developing the habits of reading the newspaper to update their knowledge & information.
- Develop regular study pattern.
- Participate in classroom discussion.
- Avoid selective study.
- Judiciously use the 15 minutes reading time to understand the requirements of the questions.
- Support answers with captions and examples.
- Write proper economic terms in every answer.
- Practice sample/previous years' question papers.
- Practice in answering application-based questions.