Analysis of Pupil Performance

ECONOMICS

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COUNCIL FOR THE INDIAN SCHOOL CERTIFICATE EXAMINATIONS

NEW DELHI

Year 2019

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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.

Gerry Arathoon
October 2019   **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 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 question and suggestions for teachers/ candidates.

In addition to a detailed qualitative analysis, the Analysis of Pupil Performance documents for the Examination Year 2019 also 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 2019 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 2019 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 2019 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.

Shilpi Gupta

October 2019 *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 2019 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.
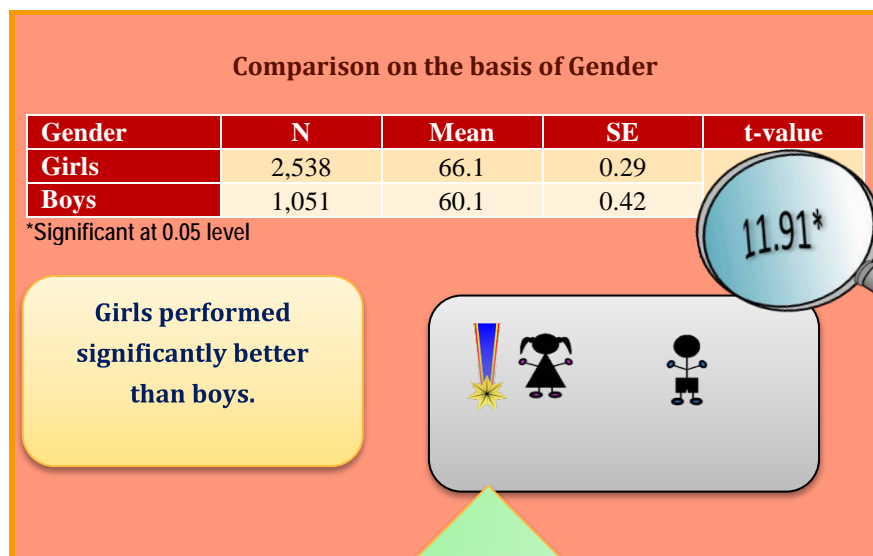
Understanding the tables

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 2019 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	
Boys	1,051	60.1	0.42	

*Significant at 0.05 level

Girls performed significantly better than boys.

11.91*

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.
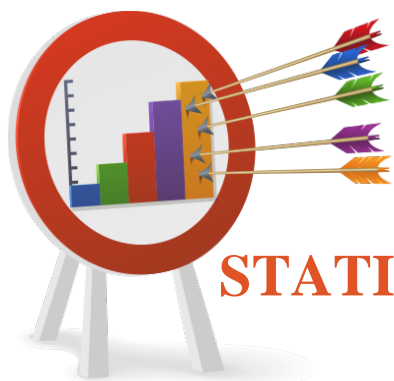
The table shows comparison between the performances of boys and girls in a particular subject. The t-value of 11.91 is significant at 0.05 level (mentioned below the table) with a mean of girls as 66.1 and that of boys as 60.1. It means that there is significant difference between the performance of 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.
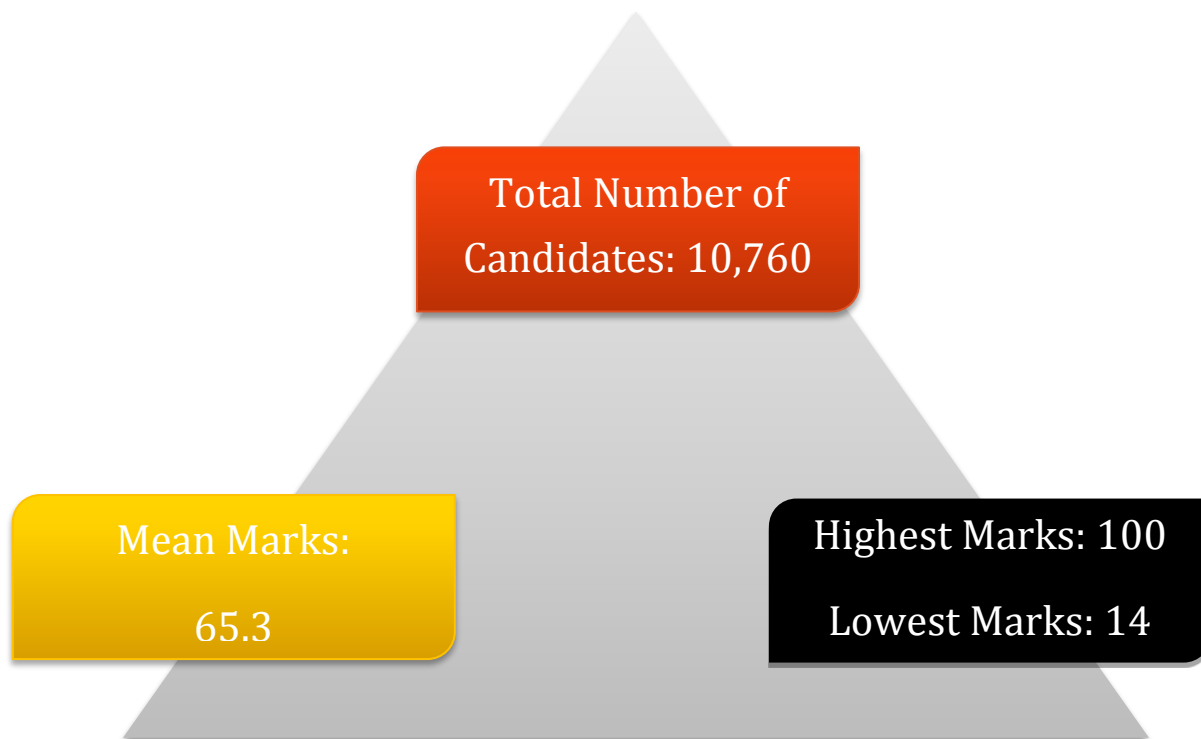
Qualitative Analysis

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.
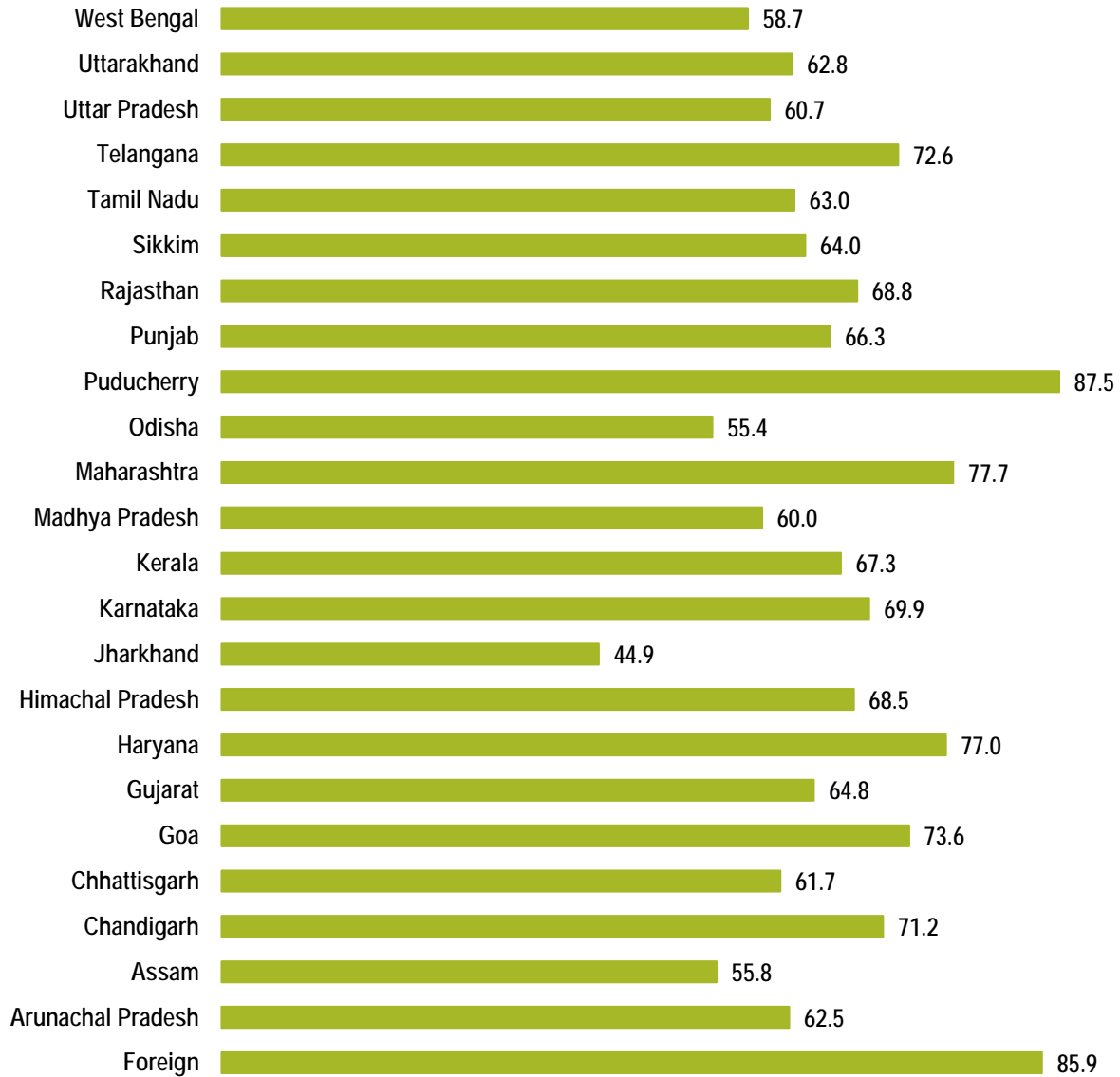
QUANTITATIVE ANALYSIS

STATISTICS AT A GLANCE

Total Number of Candidates: 10,760

Mean Marks:

65.3

Highest Marks: 100

Lowest Marks: 14

PERFORMANCE (STATE-WISE & FOREIGN)

State	Mean Marks
West Bengal	58.7
Uttarakhand	62.8
Uttar Pradesh	60.7
Telangana	72.6
Tamil Nadu	63.0
Sikkim	64.0
Rajasthan	68.8
Punjab	66.3
Puducherry	87.5
Odisha	55.4
Maharashtra	77.7
Madhya Pradesh	60.0
Kerala	67.3
Karnataka	69.9
Jharkhand	44.9
Himachal Pradesh	68.5
Haryana	77.0
Gujarat	64.8
Goa	73.6
Chhattisgarh	61.7
Chandigarh	71.2
Assam	55.8
Arunachal Pradesh	62.5
Foreign	85.9

The States/ UTs of Puducherry, Maharashtra and Haryana secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 85.9.

GENDER-WISE COMPARISON

GIRLS

Mean Marks: 69.0

Number of Candidates: 5,208

BOYS

Mean Marks: 61.8

Number of Candidates: 5,552

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	5,208	69.0	0.26	19.62*
Boys	5,552	61.8	0.26	

*Significant at 0.05 level
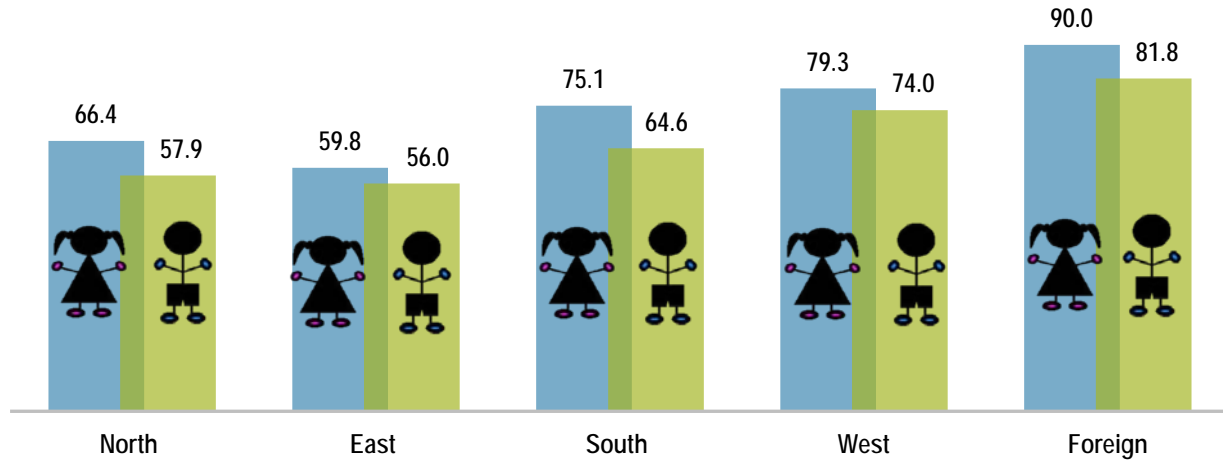
Girls performed significantly better than boys.

REGION-WISE COMPARISON

East

Mean Marks: 57.8

Number of
Candidates: 2,695

Highest Marks: 100
Lowest Marks: 14

North

Mean Marks: 62.0

Number of
Candidates: 4,448

Highest Marks: 100
Lowest Marks: 18

REGION

Mean Marks: 69.4

Number of
Candidates: 939

Highest Marks: 100
Lowest Marks: 26

Mean Marks: 76.8

Number of
Candidates: 2,619

Highest Marks: 100
Lowest Marks: 26

South

Mean Marks: 85.9

Number of
Candidates: 59

Highest Marks: 100
Lowest Marks: 55

West

Foreign

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	2,142	66.4	0.40	14.98*
	Boys	2,306	57.9	0.40	
East (E)	Girls	1,258	59.8	0.51	5.60*
	Boys	1,437	56.0	0.46	
South (S)	Girls	425	75.1	0.71	10.38*
	Boys	514	64.6	0.72	
West (W)	Girls	1,353	79.3	0.41	8.70*
	Boys	1,266	74.0	0.46	
Foreign (F)	Girls	30	90.0	1.85	2.53*
	Boys	29	81.8	2.68	

*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	1,695	89.9	0.13	5.33*
	Boys	1,119	88.7	0.16	
Bottom Range (0-20)	Girls	4	18.8	0.48	0.24
	Boys	15	18.6	0.40	

*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.

Boys | Girls | All Candidates

81 - 100
- 88.7
- 89.9
- 89.4

61 - 80
- 70.3
- 70.7
- 70.5

41 - 60
- 51.0
- 51.7
- 51.3

21 - 40
- 33.2
- 34.0
- 33.5

0 - 20
- 18.6
- 18.8
- 18.6
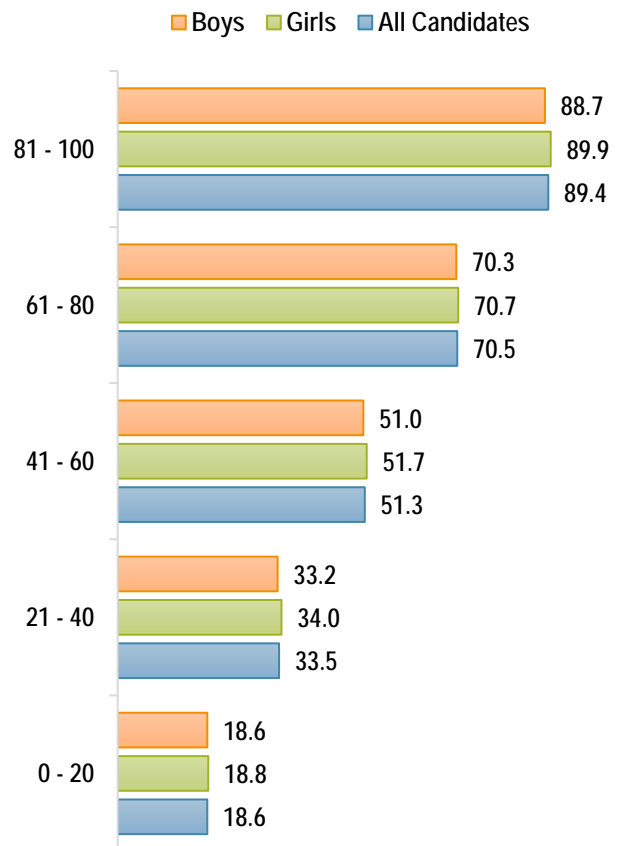
GRADES AWARDED : COMPARISON GENDER-WISE

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

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	901	94.4	0.10	1.37
	Boys	472	94.1	0.14	
Grade 9	Girls	4	18.8	0.48	0.24
	Boys	15	18.6	0.40	

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

Boys ■ Girls ■ All Candidates

Grade	Boys	Girls	All Candidates
1	94.1	94.4	94.3
2	84.2	84.2	84.2
3	75.4	75.6	75.5
4	66.4	66.5	66.5
5	56.5	56.7	56.6
6	47.6	47.7	47.6
7	37.1	37.3	37.1
8	24.8	25.4	25.0
9	18.6	18.8	18.6
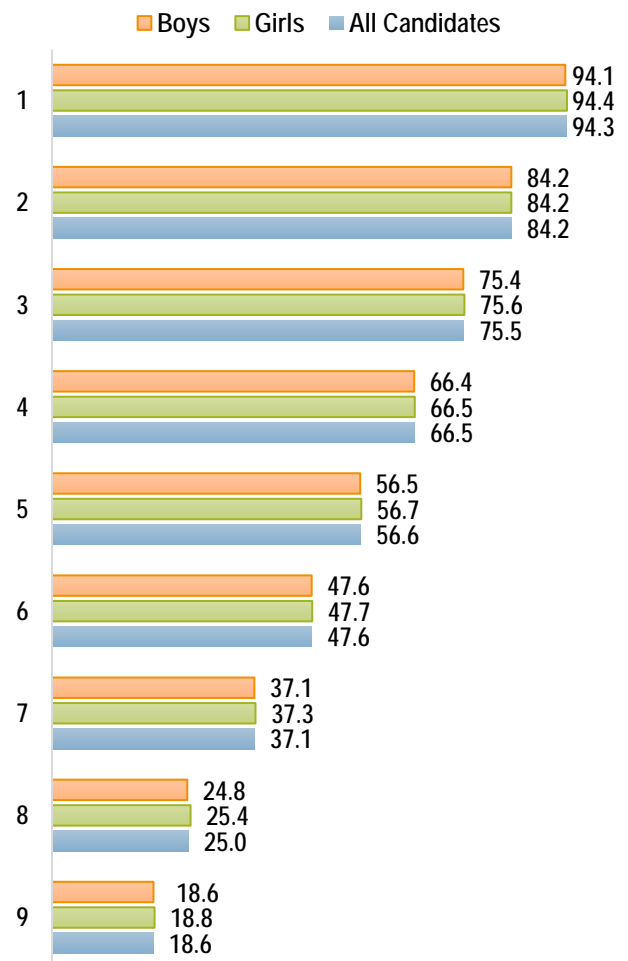
SECTION A (40 Marks)
*Attempt **all** questions from this Section*

Question 1

(a)   What are normal goods? Give two examples.   [2]

(b)   State *any two* features of the Consumer Protection Act.   [2]

(c)   A businessman stocks potato in the cold storage during the winter and releases that stock during summer. Will this be considered as production? Give a reason for your answer.   [2]

(d)   Mention two ways by which a worker benefits from division of labour.   [2]

(e)   Give two assumptions of the law of supply.   [2]

Comments of Examiners

(a) Most of the candidates, instead of explaining the term normal goods based on income, explained it on the basis of quality.

(b) Many candidates wrote about the different rights of consumers instead of writing the features of the Consumer Protection Act.

(c) Most of the candidates could not connect the terms with production and utility.

(d) Majority of the candidates were able to answer this question quite well. However, some candidates wrote about the overall benefits of division of labour.

(e) Many candidates wrote about *demand* instead of the *assumption of supply*. Some candidates explained about factors of supply affecting a commodity but did not mention it as an assumption with other things being constant.

Suggestions for teachers

- Explain the term normal goods in connection with or relation to income with suitable examples.
- Clarify the features of the Consumer Protection Act with the help of a proper mind map.
- Teach the term production in relation to utility to give a better understanding of such concept to the students.
- Illustrate the benefits of division of labour for each section of the society, that is, how it benefits the society, the workers, the entrepreneur, etc.
- Explain the concept of Ceteris Paribus or assumptions of demand, after having explained the functions of demand.

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	MARKING SCHEME
	Question 1
(a)	Normal goods – Goods whose demand increases with the increase in income of the consumers. example – AC / cooler / refrigerator etc. *(Any two)*
(b)	Features of the Consumer Protection Act: – It applies to all goods and services. – All sectors, private and public or co-operative are covered. – Provision of courts at district, state, and national levels to look into the grievances of the consumers. *(Any two features)*
(c)	– Yes / This activity is considered as production. – Because he is creating time utility.
(d)	– Increase in the labour efficiency / productivity. – Opportunity to increase his / her income. – Bargaining power of the worker in negotiating the wage rate with an employer increases. – Work can be completed within the stipulated time period. – More availability of job opportunities. – Labour works according to choice. *(Or any two other relevant points)*
(e)	Assumptions of the Law of supply – no change in technology of production / government policy - taxation / cost of factors of production / goals of the firm / price of related goods / expectation of change in price in future. *(Any two)*

Question 2

  (a)   Briefly explain any two merits of direct taxes.   [2]

  (b)   Expand the term RTI. How does this help a citizen of India?   [2]

  (c)   Define price elasticity of demand.   [2]

  (d)   What is food adulteration? Mention any one harmful effect of food adulteration.   [2]

  (e)   What is degressive tax?   [2]

Comments of Examiners

(a) Majority of the candidates wrote the merits of direct taxes correctly. However, some candidates wrote about the features of taxes instead of its merits.

(b) Most candidates expanded the term RTI correctly. In the second part of the question, many candidates wrote about Right to Information relating to the product rather than the government.

(c) Many candidates did not mention the key words *percentage* or *responsiveness* in the definition of price elasticity of demand.

(d) Food adulteration was properly explained by majority of the candidates. A few candidates wrote about cheap goods as adulterated goods which was incorrect.

(e) Most candidates, instead of degressive tax, wrote about regressive taxes or progressive taxes.

MARKING SCHEME

Question 2

(a)	Merits of Direct Tax: Certainty cannot be evaded, cost of collection is low, based on ability to pay, help to increase government's income, create civic consciousness among the tax-payers. *(Any two with brief explanation)*
(b)	Right to Information. It helps citizens in accessing the information in government records except the information that needs to be protected in public and national interest.
(c)	Price elasticity is the ratio between percentage change in quantity demanded and percentage change in price. OR It is a measure of the degree of responsiveness of the change in quantity demanded to a change in its price.
(d)	Food adulteration – intentionally degrading the quality of food offered for sale by admixture or substitution of inferior substance or by the removal of some valuable ingredient from the product. Effects: Stomach ache / Cholera / Anaemia / Eye problem / Partial paralysis, etc. *(Any one harmful effect)*
(e)	Degressive tax: The rate of tax on income increases up to a certain limit but after that a uniform rate is charged.

Question 3

(a) If a buyer buys less of a commodity when his income falls, how will his demand curve [2]
change? Illustrate your answer with a diagram

(b) State two factors which affect productivity of land. [2]

(c) Give two differences between recurring deposits and fixed deposits. [2]

(d) What is overdraft facility? [2]

(e) State *any two* reasons for the growth of public expenditure in a country like India in [2]
recent times.

Comments of Examiners

(a) Some candidates did not give a diagrammatic representation. A few candidates, instead of *shift in demand*, made the graph of *movement.*

(b) A well attempted question by majority of the candidates. However, a few candidates wrote about the characteristics of land instead of the factors affecting the productivity of land.

(c) Many candidates wrote the difference between saving deposit and fixed deposit instead of between recurring deposits and fixed deposits.

(d) Majority of the candidates did not write the key-term -*current account.*

(e) A well attempted question by most of the candidates.

MARKING SCHEME

Question 3

(a)	

(b) Natural factors / Human factors / Improvement on land / Location of land / Organisation / Ownership of land / Availability of capital / Proper use of land / State help.

(Any two factors to be stated briefly)

(c)

Recurring Deposit	Fixed Deposit
1. Fixed amount is deposited every month for the period decided by the customer. 2. Encourages saving habit among the people.	1. One-time deposit for a fixed time period – cannot withdraw before maturity. 2. Surplus savings are saved by households.

(Two differences only)

(d)
- One of the ways of lending loans by the commercial banks.
- Only for current account holders.
- Customer can withdraw above his balance.
- Temporary facility

(e)
- Expanding administrative machinery
- Satisfying the defence needs.
- Emphasis on increasing the agricultural and industrial output.
- Rise in prices.
- Building up strong infrastructural base.
- Supplying basic facilities to the growing population.
- Development of backward areas.
- Greater provisions for social security and welfare measures.
- Growing trend of urbanization. *(Any two reasons)*

Question 4

(a)   Draw a well labelled diagram showing the price elasticity of supply of a commodity   [2]
       starting from the origin.

(b)   What is land in Economics?   [2]

(c)   Define supply.   [2]

(d)   Indirect taxes are regressive in nature. How can they be made progressive?   [2]

(e)   The income earned by an entrepreneur is residual in nature. Explain.   [2]
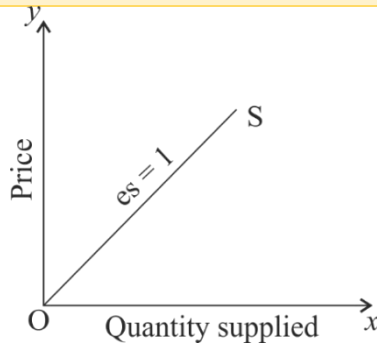
Comments of Examiners

(a) Most of the candidates were unsure of the word *origin* in the question. Many candidates did not label the axis.

(b) Well attempted question by majority of the candidates. However, a few candidates wrote only the basic definition, not including the key term - *regulated*.

(c) Most of the candidates did not mention *time* or *price*, the key words of the definition.

(d) Majority of the candidates were unable to write the correct answer as they did not comprehend the requirement of the question.

(e) Many candidates wrote about the functions of an entrepreneur. Several candidates mentioned about the risk factor but missed out on the payment to other factors of production.

Suggestions for teachers

- Teach plotting of graphs in a systematic manner.
- Emphasise on the importance of labelling the diagrams.
- Lay emphasis on the key words in any definition.
- Instruct students to revise the definitions on a regular basis.
- Explain concepts with practical examples.
- Drill students on application-based questions to enhance their understanding of the concepts taught.

Question 4

(a)

(b) | Land, in economics, means not only the surface of the earth / but all those free gifts of nature / the supply / of which can be regulated.

(c) | Supply: The quantity of a commodity / that the producer is willing to sell / at a given price / during a given period of time.

(d) | Indirect taxes can be made progressive by imposing high taxes on luxury items and by exempting items of necessary consumption from taxation.

(e) | Entrepreneur earns profit, only after the payments made to other factors of production (like land, labour and capital) employed by him on the basis of contractual income. (i.e. rent, wages and interest).

SECTION B (40 Marks)

*Attempt **any four** questions from this Section*

Question 5

(a)   (i)   State the law of demand.   [5]

        (ii)   Briefly explain any two reasons for its occurrence.

(b)   Define inflation. Explain its impact on the producers and salaried class.   [5]

Comments of Examiners

(a) (i) Many candidates did not mention the key words *other things being equal or constant* in stating the law of demand.

   (ii) Several candidates, instead of the reason of occurrence of downward slope of the demand curve, wrote the factors affecting demand.

(b) Majority of the candidates did not mention the key words in the definition of inflation. Several candidates wrote about the impact of inflation on the economy rather than on the producers and the salaried class.

MARKING SCHEME

Question 5

(a)	(i)	The Law of Demand: Other things being equal, the quantity demanded of a commodity rises with a fall in price and falls with a rise in price.
	(ii)	Income Effect / Substitution Effect / Law of Diminishing Marginal Utility.
		(Any two reasons with brief explanation)
(b)		Inflation is a situation / in which the prices of goods and services or general price level / persistently rises / at a fast pace. Producers gain as the value of their stock rises and generally, they are borrowers. Salaried class suffers a loss as their purchasing power falls as the prices rise faster than the rise in their incomes.

Question 6

(a) (i)   Define Public debt.   [5]

   (ii)   What are Redeemable debts?

   (iii)   Mention two examples of unproductive debt.

(b)   Briefly explain the following with reference to the barter system of exchange: [5]

   (i)   Lack of common measure of value.

   (ii)   Lack of standard of deferred payments.

Comments of Examiners

(a) (i) Majority of the candidates defined Public debt correctly.

(ii) A few candidates did not write that in a Redeemable debt, public debt had to be repaid with interest.

(iii) Correct examples of unproductive debt were written by majority of the candidates.

(b) (i) Many candidates wrote about lack of double coincidence of wants rather than lack of common measure of value.

(ii) Most of the candidates, instead of the problem of deferred payment, wrote about its solution.

MARKING SCHEME

Question 6

(a)	(i) Public Debt – refers to the loans raised by the government within or outside the country.
	(ii) Redeemable debt: Such debt that the government pays off after a specified date. The interest is paid regularly. When the debt matures the government gives back the principal amount to the lenders.
	(iii) Examples of unproductive debt – Financing a war, financing deficit budget.
(b)	Lack of common measure of value: The problem of proportion in which two goods should be exchanged. Rate of exchange is fixed according to the intensity of demand for each other's good.
	Lack of standard of deferred payments: Credit transactions requiring future payments cannot take place due to disagreement regarding the quality, value of the product or terms of repayment.
	(Explanation with example of each)

Question 7

(a)   Explain the following functions of the Central Bank: [5]

(i)   Fiscal agent of the government.

(ii)   Advisor to the government.

(b)   Explain *any five* characteristics of land.   [5]

Comments of Examiners

(a) (i) Majority of the candidates, instead of the function of the Central Bank as fiscal agent of the government, wrote its general functions.

   (ii) This was a well attempted question by most candidates.

(b) This question was well attempted by majority of the candidates.

MARKING SCHEME

Question 7

(a)	Functions of the Central Bank.
	(i) As Fiscal Agent:
	– It manages the public borrowings.
	– It collects taxes and other payments on behalf of the government.
	– It represents the government in the international financial institutions like the International Monetary Fund (IMF) and the World Bank.
	(ii) As advisor to the government:
	– It advises the government on all financial and economic matters such as deficit financing, demonetization, devaluation of currency, trade policy, foreign exchange policy, etc.
(b)	Five characteristics of land *(Any five with brief explanation)*:
	– Free gift of nature
	– Limited in supply
	– Primary factor of production
	– Passive factor of production
	– Land is permanent
	– Land is immovable
	– Land varies in fertility
	– Land differs in location
	– Land has many uses.

Question 8

(a) Discuss the risk bearing and decision-making functions of an entrepreneur.   [5]

(b) What is Cost Push inflation? Briefly explain three causes of cost push inflation.   [5]

Comments of Examiners

(a) Many candidates did not write about factor income as a risk bearing function of the entrepreneur.

(b) Some candidates defined Demand-Pull inflation instead of defining Cost Push inflation. A few candidates wrote the causes of both Demand-Pull inflation and Cost Push inflation.

MARKING SCHEME
Question 8

(a)	Functions of an entrepreneur:
	Risk Bearing Function: The entrepreneur bears the risk of uncertain changes in production, investment and profits. The other risk is of the frequent changes in the government policies and technological obsolescence.
	Decision Making Function:
	− Selection of the commodity to be produced.
	− Selection of design and quality of the product.
	− Selection of location of the plant.
	− Decision regarding scale of production.
	− Selection of techniques of production.
(b)	Cost Push Inflation:
	When the prices of goods and services rise persistently due to rise in the cost of production. It is the supply or cost theory of inflation.
	Causes *(Any three to be explained briefly)*:

	– Rise in wages.
	– Increase in prices of basic materials.
	– Higher taxes
	– Natural disasters.

Question 9

(a)   (i)   Define Tax.   [5]

         (ii)   Give three differences between direct taxes and indirect taxes.

(b)   (i)   Define capital formation.   [5]

         (ii)   Briefly discuss the process of capital formation.

Comments of Examiners

(a) (i) Most candidates defined Tax correctly.

    (ii) A well attempted question by most of the candidates.

(b) (i) A large number of the candidates did not write the key term *time period* in the definition of capital formation.

    (ii) Majority of the candidates. instead of the process or stages of capital formation, wrote about the functions or characteristics of capital.

> ### *Suggestions for teachers*
> - Clarify the tax, difference between direct and indirect taxes by giving examples to which the students can relate, like taxes on the income of their working parents and the tax charged on the commodities which they purchase.
> - Descibe the importance of savings in any economy and its use as a resource for the development by investing it further.

Question 9

(a) (i) Tax is a compulsory payment imposed on persons or companies by the government to meet the expenditure incurred in providing common benefits to the people.

(ii)

Direct Taxes	Indirect Taxes
1. Taxes imposed on income and / or property.	1. Taxes are imposed on commodities / transactions.
2. Paid directly to the government by the person on whom it is imposed.	2. Paid to the government by one person but their burden is borne by another person.
3. They cannot be shifted on to others.	3. They can be shifted on to others.
4. These are levied according to the ability of the tax-payer.	4. These are taxes in which the tax paying ability of the tax-payer is assessed indirectly.
5. Examples – Income tax, Wealth tax, Corporate tax, Estate Duty.	5. Example – G.S.T.

(Any three differences)

(b) (i) Capital Formation – An addition to the existing stock of capital in any economy during any particular time period / fiscal year.

(ii) Briefly explain:
- – Generation of savings
- – Mobilisation of savings
- – Investment of savings

Question 10

(a) Define and draw the following: [5]

(i) Relatively elastic supply.

(ii) Relatively inelastic demand.

(b) Briefly discuss *any two* quantitative measures adopted by the Reserve Bank of India [5]

to control credit.

Comments of Examiners

(a)(i) Most of the candidates, who attempted this question wrote about law of supply instead of elasticity. Several candidates did not write about the degree of elasticity, that is, es >1.

(ii) Many candidates got confused with elasticity of demand and supply and interchanged the graphs.

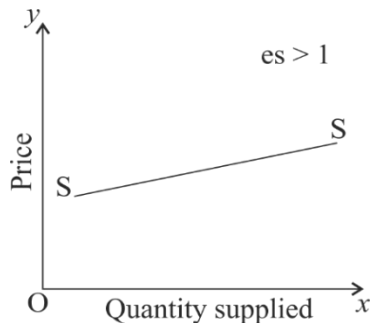(b) This question was attempted well by several candidates.

MARKING SCHEME

Question 10

(a) (i) Relatively Elastic Supply: When the percentage change in quantity supplied is greater than the percentage change in price.

Definition and diagram

(ii) Relative Inelastic Demand Curve: When the percentage change in quantity demanded is lesser than the percentage change in price.
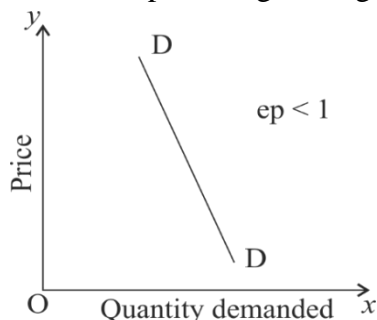
Definition and diagram

(b) Quantitative Measures

– Bank rate
– CRR
– SLR
– Open market operations.

(Any two with brief explanation)

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GENERAL COMMENTS

Topics found difficult / confusing by candidates

- Concept of elasticity of demand and supply.
- Application based questions on factors of production and on elementary theory of demand.
- Types of taxes (Regressive).
- Functions of Entrepreneur.
- Functions of the Central Bank.
- Process of capital formation.
- Expansion of RTI.
- Qualitative and Quantitative measures of RBI to control credit.

Suggestions for candidates

- Avoid selective study.
- Revise the entire syllabus thoroughly.
- Clarify your doubts for conceptual comprehensiveness.
- Learn difficult concepts by making a flow chart or a mind map.
- Comprehend the key words/technical terms/definitions and phrases thoroughly and then memorise.
- Understand diagrams properly and prepare theory along with the diagram.
- Practice plotting labelled diagrams/graphs and their interpretation.
- Use economic terms wherever applicable.
- Read newspaper daily.
- Practice of Sample Papers/Previous years' papers regularly to reinforce the learning process.
- Read the question paper in the allotted reading time judiciously.
- Read each question carefully following the rubric, choose the questions which you can attempt well and allocate time for each question.
- Analyse what is asked in the chosen question, plan, organize your thoughts and then answer to the point.
- Give logical explanation wherever it is required.
- Support concepts with examples.