

ICSE

**Year 2019
Examination**

Analysis of Pupil Performance

ECONOMIC APPLICATIONS



Pioneering Excellence in Education since 1958

**Research Development and Consultancy Division
Council for the Indian School Certificate Examinations
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FOREWORD

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

We commend the work of Mrs. Shilpi Gupta (Deputy Head) 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 2019

**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 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.

October 2019

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 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.

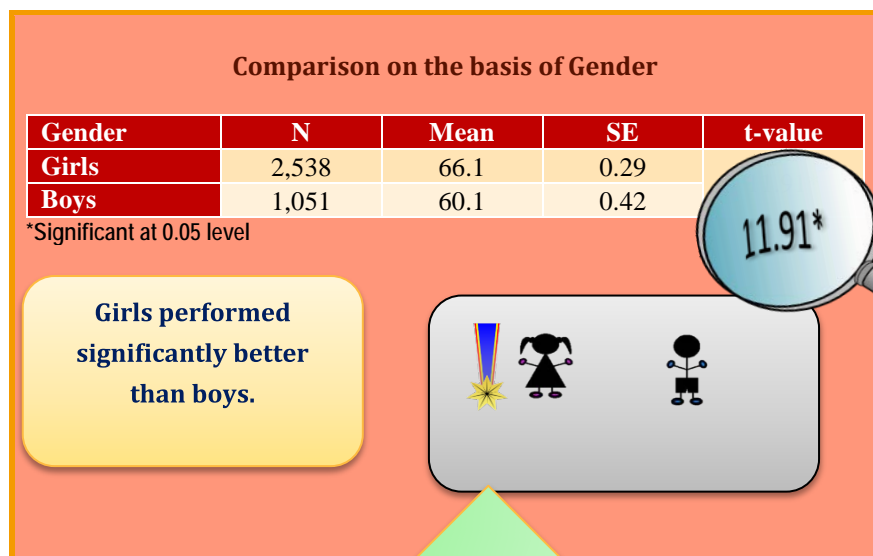
Understanding the tables

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.



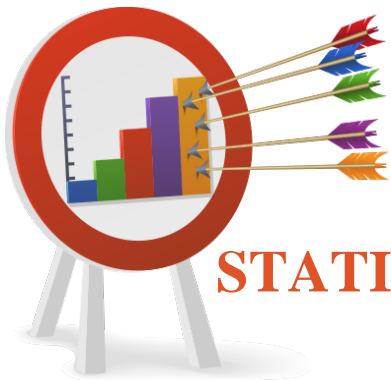
The table shows comparison between the performances of boys and girls in a particular subject. The t-value of 11.91 is significant at 0.05 level (mentioned below the table) with a mean of girls as 66.1 and that of boys as 60.1. It means that there is significant difference between the performance of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

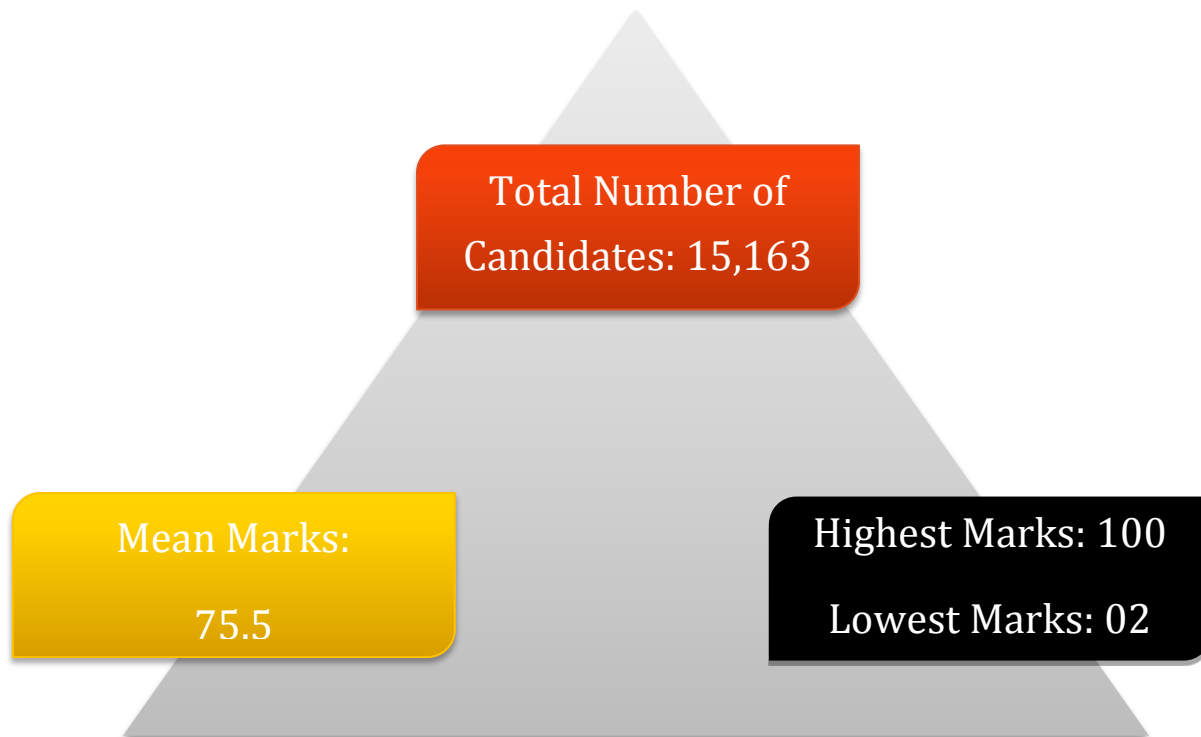
Qualitative Analysis

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

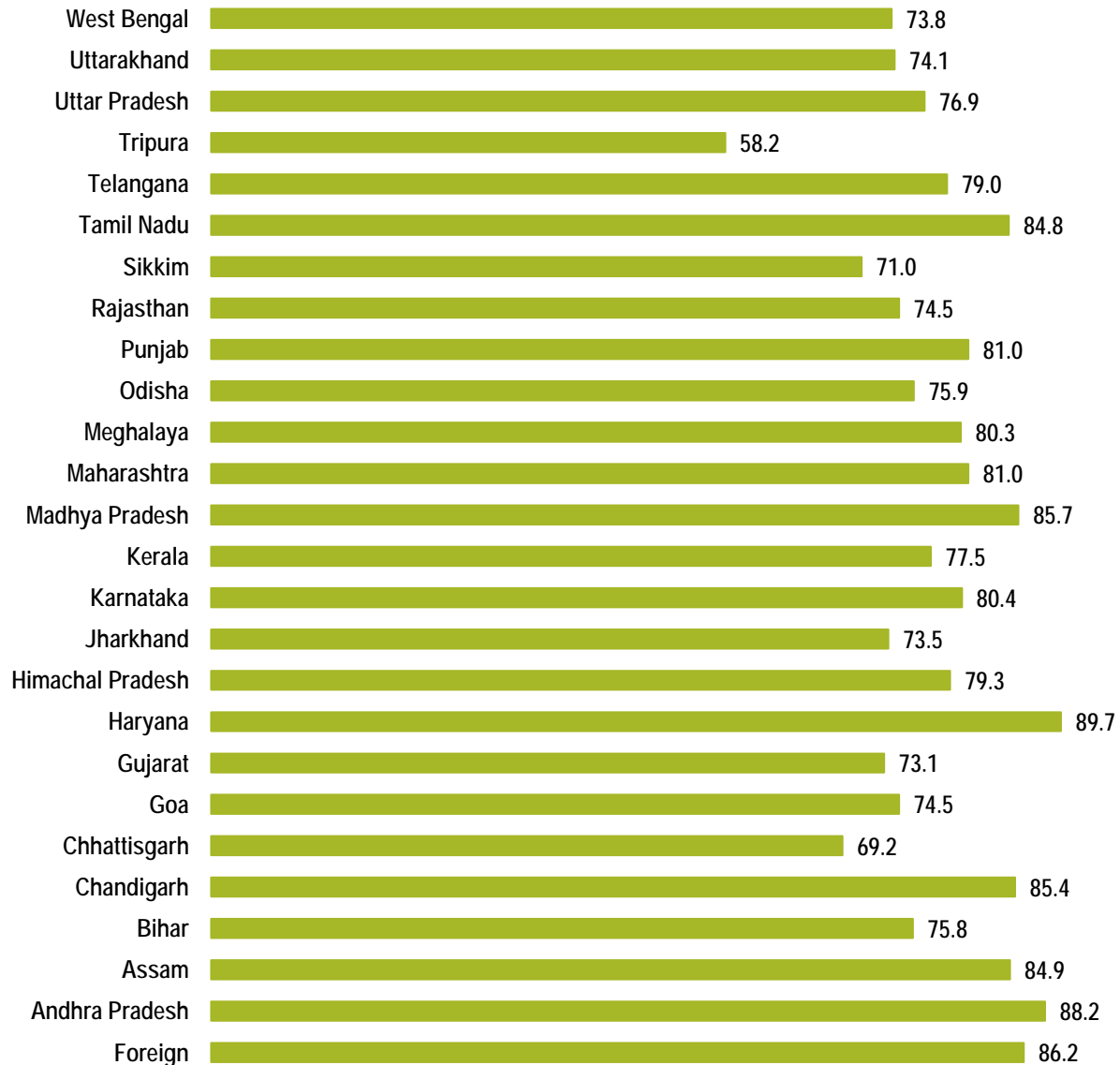


STATISTICS AT A GLANCE





PERFORMANCE (STATE-WISE & FOREIGN)



The States of Haryana, Andhra Pradesh and Madhya Pradesh secured highest mean marks. Mean marks secured by candidates studying in schools abroad were 86.2.



GENDER-WISE COMPARISON



GIRLS

Mean Marks: 77.4

Number of
Candidates: 8,305



BOYS

Mean Marks: 73.3

Number of
Candidates: 6,858

Comparison on the basis of Gender

Gender	N	Mean	SE	t-value
Girls	8,305	77.4	0.14	19.04*
Boys	6,858	73.3	0.16	

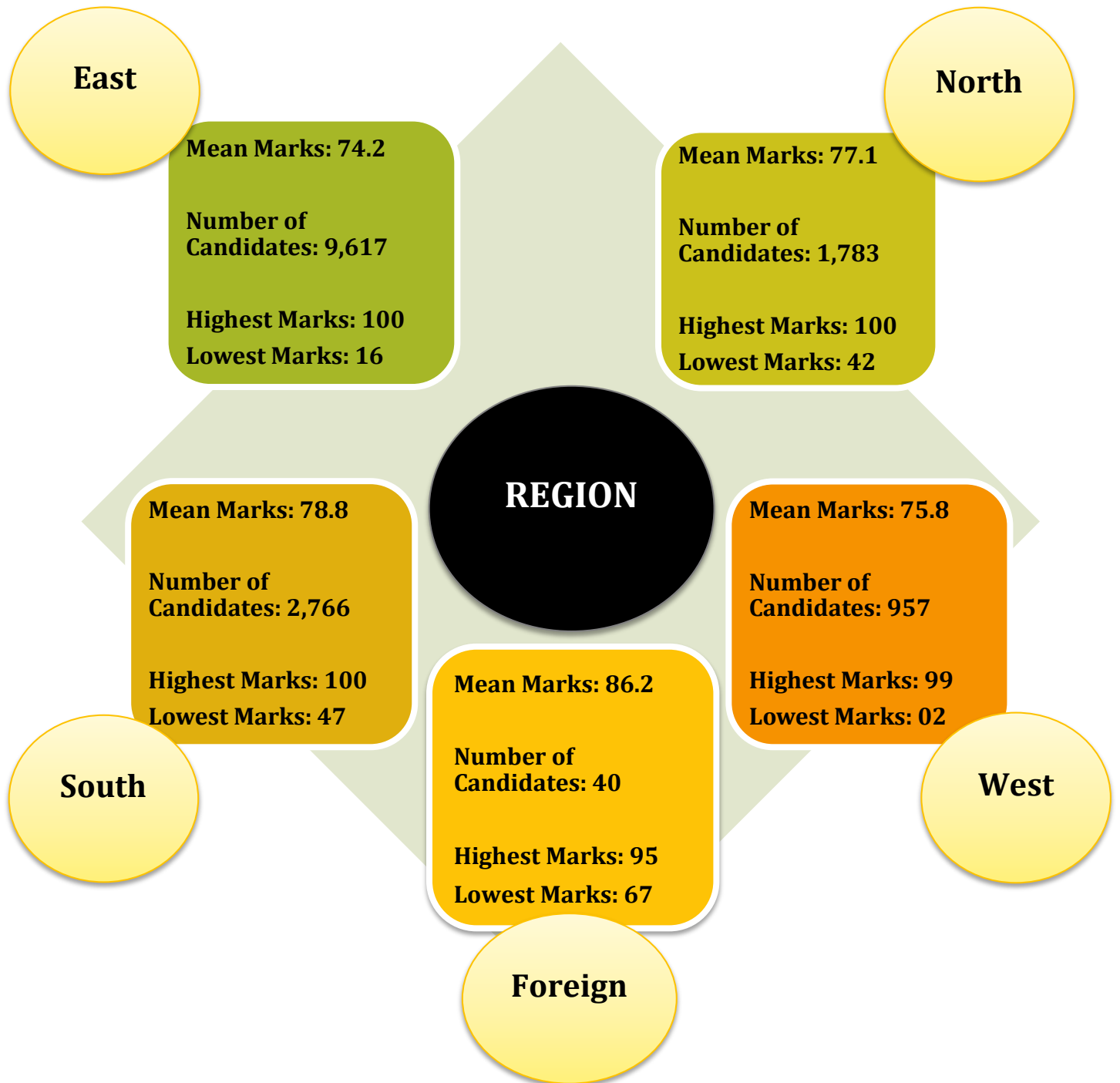
*Significant at 0.05 level

**Girls performed
significantly better than
boys.**

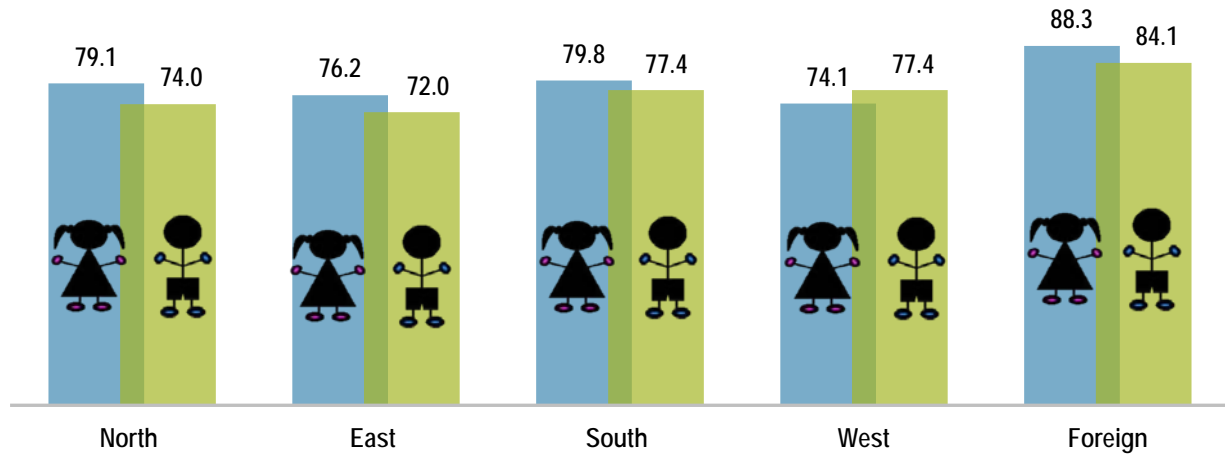




REGION-WISE COMPARISON



Mean Marks obtained by Boys and Girls-Region wise



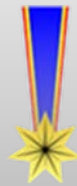
Comparison on the basis of Gender within Region

Region	Gender	N	Mean	SE	t-value
North (N)	Girls	1,097	79.1	0.36	8.58*
	Boys	686	74.0	0.48	
East (E)	Girls	5,049	76.2	0.19	15.01*
	Boys	4,568	72.0	0.20	
South (S)	Girls	1,627	79.8	0.28	5.48*
	Boys	1,139	77.4	0.33	
West (W)	Girls	512	77.4	0.61	3.66*
	Boys	445	74.1	0.67	
Foreign (F)	Girls	20	88.3	1.13	1.88
	Boys	20	84.1	1.96	

*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	3,771	88.9	0.08	4.75*
	Boys	2,261	88.3	0.10	
Bottom Range (0-20)	Girls	1	7.0	0	-0.29
	Boys	2	9.0	7.0	

*Significant at 0.05 level

Marks Range (81-100)

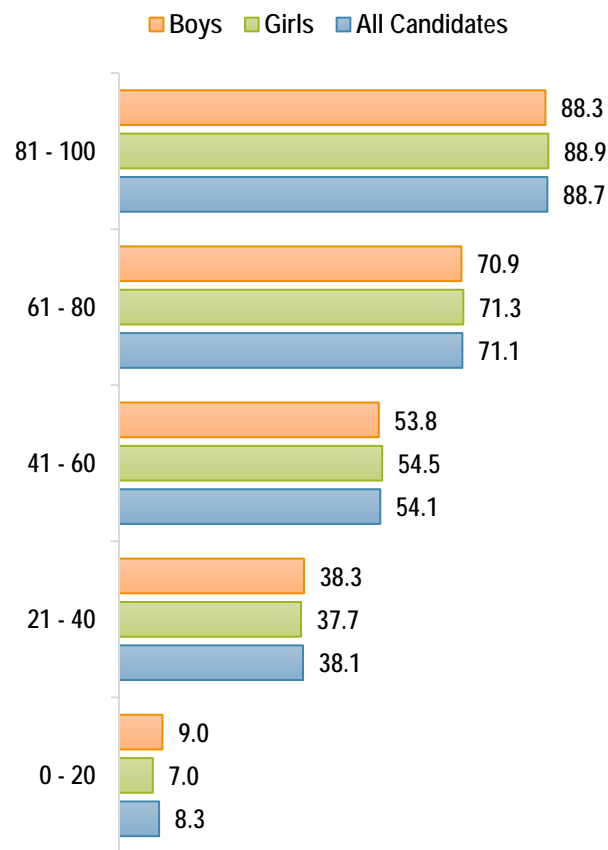
Performance of girls was significantly better than the performance of boys.

Marks Range (81-100)



Marks Range (0-20)

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



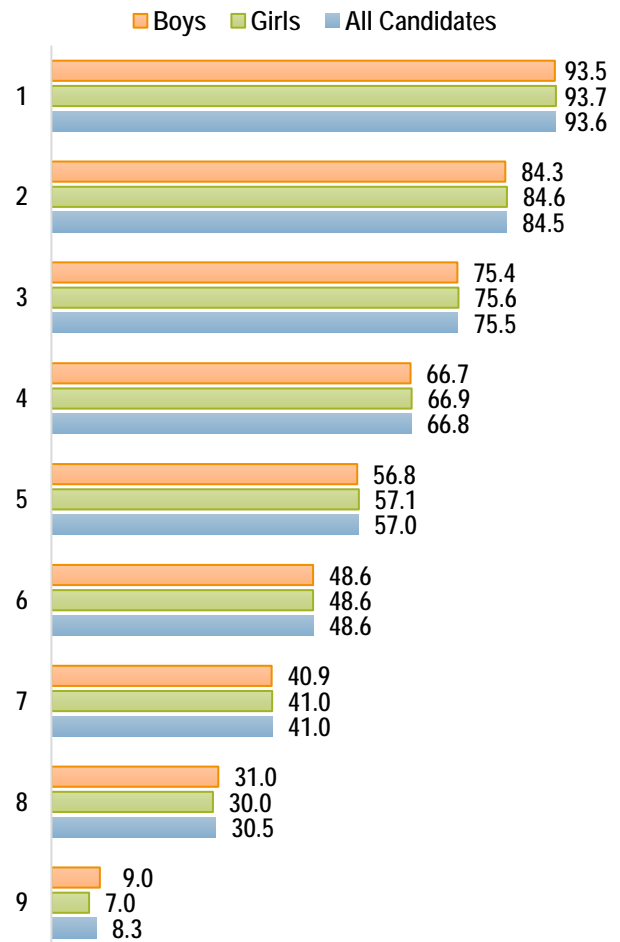


GRADES AWARDED : COMPARISON GENDER-WISE

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

Grades	Gender	N	Mean	SE	t-value
Grade 1	Girls	1,689	93.7	0.06	1.53
	Boys	899	93.5	0.09	
Grade 9	Girls	1	7.0	0	-0.29
	Boys	2	9.0	7.0	

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



QUALITATIVE ANALYSIS

PART I (40 Marks)

Attempt all questions from this Section

Question 1

- (a) State the Law of Supply. [2]
- (b) “Entrepreneurs are innovators.” Briefly explain. [2]
- (c) What do you understand by hyperinflation? [2]
- (d) Mining operations can destroy the ecosystem. [2]
Give two reasons to support the statement.
- (e) Highlight the importance of selling costs in a monopolistically competitive market. [2]

Comments of Examiner

- (a) Many candidates did not write the complete statement of the Law of Supply, not having written the assumption of other things being equal or *ceteris paribus*. Some candidates got confused between the Law of Demand and the Law of Supply. A few candidates wrote only one side of the relationship between price and supply.
- (b) Many candidates wrote only the definition of innovation but did not connect it to new ideas, process, resources and techniques. Some candidates wrote about the other functions of an Entrepreneur.
- (c) Most of the candidates were able to answer this question. Some candidates did not mention the percentage rise in price correctly. Key words like percent and per annum were missing in some answer scripts. A few candidates wrote general answers like ‘a very high rise in price’.
- (d) Most of the candidates attempted this question well.

Suggestions for teachers

- Make the students understand the difference between the Law of Supply and the Law of Demand.
- Explain and elaborate upon the functions of an Entrepreneur through relevant examples. Discuss the need for innovation to attract consumers in a competitive environment.
- Clarify the importance of mentioning the percentage rise in prices while answering a question on the types of inflation.
- Make the students aware of how various occupations like farming, mining and industrialization can lead to an adverse effect on the ecosystem.

- (e) A large number of candidates confused 'selling costs' with 'selling price' and therefore were unable to explain the importance of advertisements.

- Explain clearly how advertisements can lead to an increase in market share and thereby profits.
- Emphasise upon the key words /phrases and ensure that the students use the same during tests and exams.

MARKING SCHEME

Question 1

(a)	Other things remaining same, as the prices of commodity rise, the supply extends and as the prices fall, the supply contracts.
(b)	An entrepreneur discovers and develops – new ideas, new techniques, new products, new markets, new sources of supply of raw material, new opportunities, new methods of production and new combinations. <i>(Any two to be mentioned)</i>
(c)	Hyperinflation occurs when monthly increase in prices is 20% to 30% or more. At this stage there is no limit to price rise.
(d)	<ul style="list-style-type: none"> – Both open cast mining and underground mining causes deforestation, thereby adversely affecting the forest ecosystem. – The waste materials created out of mining operations flow to the river water, affecting the aquatic ecosystem adversely. <i>(or any other relevant point)</i>
(e)	<ul style="list-style-type: none"> – In this form of market, there is large number of sellers who sells <u>differentiated products</u>, but they are <u>close substitutes</u> of each other. Hence, the sellers would like to create a <u>unique image</u> in the minds of the consumers about their products and thereby increase the <u>market share</u> of their product. – The <u>demand</u> for a certain product can also be made <u>inelastic</u> through <u>attractive advertisements</u>.

Question 2

- (a) Land is heterogeneous in nature. Explain. [2]
- (b) How does the presence of banks in a country help in capital formation? [2]
- (c) Which of the following is considered as labour in Economics? [2]
- (i) Acting done by a film star.
- (ii) The judgement given by a judge in the court.
- (iii) Washing of clothes by a washer man.

(iv) Preparation of tea by a housewife.

(d) Why is money referred to as legal tender money? [2]

(e) What is meant by product differentiation? In which market form is it prevalent? [2]

Comments of Examiner

- (a) Many candidates related land's nature of being heterogeneous only to its fertility, without realizing that land also varies in mineral resources, location, irrigation facilities. The answers of some candidates were related to 'alternative uses of land'
- (b) Majority of the candidates only wrote the role of banks in mobilization of savings, not mentioning their role in lending to investors and thereby acting as an intermediary between the savers and investors.
- (c) Many candidates did not mention that statement (iv) is not considered labour. Quite a few candidates identified only the 'washer man washing clothes' as labour.
- (d) Majority of the candidates did not write that money is referred to as legal tender money because it is backed by the government and therefore no one can refuse to accept it. Some candidates only wrote the definition of money.
- (e) Many candidates did not mention the basis of differentiation like colour, packaging, fragrance, flavour etc. Some candidates did not mention the market in which it is prevalent while a few candidates mixed up monopolistic with monopoly.

Suggestions for teachers

- Explain the meaning of *heterogeneous*.
- Discuss the different ways in which each piece of land may be different.
- Explain the different stages of capital formation, highlighting the importance of each stage.
- Point out why banks are called the intermediary or bridge between the savers and investors.
- Teach the concept of labour with lots of relevant examples.
- Interpret the cause of referring money to as legal tender money.
- Ensure that the students clearly understand the concept of product differentiation.
- Reinforce the learning of the students by frequently questioning them on the concepts taught.

MARKING SCHEME

Question 2

(a)	The nature of Land is as follows: <ul style="list-style-type: none">– Land varies in fertility.– The degree of richness of mineral wealth differ from place to place. Land also varies in location.
(b)	<ul style="list-style-type: none">– For capital formation, savings must be transformed into investment.– Banks and financial institutions make it possible to mobilize the savings of individuals and give it out as loans to producers to finance his capital expenditure.

(c)	(i) Labour (ii) Labour (iii) Labour (iv) Not labour
(d)	– Totally backed by the government. – No one can refuse to accept it.
(e)	The goods produced by firms operating in a monopolistically competitive market are subject to product differentiation. The goods are essentially the same, but they have slight differences in packaging, brand names etc.

Question 3

- (a) State the formula for calculating the Price Elasticity of demand using the Percentage method. [2]
- (b) Explain the impact of inflation on the fixed income group of people. [2]
- (c) Give two examples of a pair of commodities that are substitutes of each other. [2]
- (d) Explain how an improper price policy results in the poor performance of public sector enterprises. [2]
- (e) Differentiate between capital and capital formation. [2]

Comments of Examiners

- (a) Majority of the candidates reversed the numerator and the denominator in the formula. A few candidates wrote supply instead of demand.
- (b) Many candidates did not write the terms purchasing power/ real income. Some candidates wrote that the fixed income group were affected but did not mention whether adversely or favourably.
- (c) Well answered by majority of the candidates. A few candidates got confused between substitutes and complements.
- (d) Majority of the candidates were not clear of the concept of improper pricing policy. Several candidates, instead of connecting low prices with welfare motive, wrote that the quality was poor or high prices were charged.
- (e) Some candidates did not mention the time factor in the definition of capital formation

Suggestion for teachers

- Instruct the students to read the question carefully and then write *demand* or *supply* appropriately as the formula is applicable to both Elasticity of Demand and Elasticity of Supply.
- Explain to the students that whenever they are questioned on the effects of inflation on different groups, they need to mention whether the group gains or loses.
- Clarify with examples *how an improper price policy results in the poor performance of public sector enterprises or in other words, turns them into loss making units.*
- Clearly explain the difference between capital and capital formation, emphasising on the words/ phrases which make the definition complete.
- Encourage students to use the economics terminology. Make them underline these terms and ensure that they comprehend these terms and use appropriately in answering the questions.

MARKING SCHEME

Question 3

(a)	<p>Price Elasticity of demand, $E_d = \frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}}$</p> <p style="text-align: center;"><i>Or</i></p> <p>Price Elasticity of demand, $E_d = \frac{\Delta Q * 100 / Q}{\Delta P * 100 / P}$</p> <p>Price Elasticity of demand, $E_d = \frac{\Delta Q}{\Delta P} * P / Q$</p>
-----	--

(b)	Given the money income of the fixed income groups, the real income i.e. the purchasing power of money income falls during inflation. Hence inflation adversely affects this group of people.										
(c)	(i) Tea and Coffee (ii) Scooter and a motorcycle	<i>(Any other relevant example)</i>									
(d)	In most Public Sector Enterprises, prices of different products and services are kept at a low level, keeping the objective of economic welfare in mind. However, as a result of such low prices the quality of the public utility goods is usually of poor quality.										
(e)	The difference between capital and capital formation are as follows:										
	<table border="1"> <thead> <tr> <th>Serial No.</th> <th>Capital</th> <th>Capital formation</th> </tr> </thead> <tbody> <tr> <td>i.</td> <td>It is the produced mean of production</td> <td>It indicates the change in any economy during any particular time period</td> </tr> <tr> <td>ii.</td> <td>It is a stock concept (not measured in respect to time)</td> <td>It is flow concept (measured in respect of time)</td> </tr> </tbody> </table>	Serial No.	Capital	Capital formation	i.	It is the produced mean of production	It indicates the change in any economy during any particular time period	ii.	It is a stock concept (not measured in respect to time)	It is flow concept (measured in respect of time)	
Serial No.	Capital	Capital formation									
i.	It is the produced mean of production	It indicates the change in any economy during any particular time period									
ii.	It is a stock concept (not measured in respect to time)	It is flow concept (measured in respect of time)									
	<i>(Any one difference)</i>										

Question 4

- (a) How does direct tax reduce income inequality? [2]
- (b) What are Public Sector Enterprises? [2]
Give two examples of Public Sector Enterprises in India.
- (c) Distinguish between sunk capital and floating capital. [2]
- (d) Briefly explain the following credit control methods adopted by the Central bank: [2]
(i) Publicity
(ii) Moral persuasion
- (e) Name any two instruments of Fiscal Policy. [2]

Comments of Examiners

- (a) This sub part was well answered by most of the candidates. A few candidates, however, mentioned Progressive taxation but did not elaborate upon how it reduced income inequalities.
- (b) Majority of the candidates wrote a perfect definition of Public Sector. However, several candidates, instead of giving two examples of Public Sector, gave only one.
- (c) A large number of the candidates were unable to distinguish between sunk capital and floating capital.
- (d) Many candidates did not write the methods of Qualitative Credit Control.
- (e) Well answered by most of the candidates. A few candidates, however, took direct tax and indirect tax as two different tools of fiscal policy.

Suggestion for teachers

- Give sufficient examples of Public Sector Enterprises and ensure that the students make a note of these.
- Clearly explain and bring out the differences between the different types of costs by means of a flow chart.
- Test the students regularly on the various costs mentioned in the syllabus to enable them to answer questions from this topic confidently.
- Clarify both Qualitative and Quantitative Methods of Credit Control in detail.
- Discuss instruments of Fiscal Policy in detail
- Stress the importance of using the reading time properly during an exam and to go through the questions carefully.
- Instruct students to write answer as per the requirement of the question.

MARKING SCHEME

Question 4

(a)	<p>Direct tax reduces income inequalities as follows:</p> <p>(i) The state can impose higher rates of income tax (a direct tax) on the rich people and allows some tax exemption for poor class.</p> <p>(ii) The state can spend the amount collected for rural development which create employment and income opportunities the poor section of the people.</p>
(b)	<p>The sector owned, controlled and managed by the government both at the union and state level in India is called Public Sector.</p> <p>Example:</p> <p>(i) Indian Railways</p> <p>(ii) Indian Post and Telegraphs</p>

(c)	Sunk Capital	Floating Capital
	It can be used to produce only one type of commodity or service.	It can be put to alternate uses.
<i>(Examples to be given)</i>		
(d)	(i) Publicity: The central bank publishes weekly reports, periodicals reviews, the statement of assets, liabilities and balance sheets for the guidance and reference of commercial banks. (ii) Under certain circumstances the central bank requests and persuades the commercial banks not to grant credits for speculative and non - essential activities.	
(e)	Two instruments of fiscal policy are as follows: (i) Public revenue / Taxation (ii) Public expenditure (iii) Public debt (iv) Deficit Financing	
<i>(Any two to be mentioned)</i>		

PART II (60 Marks)

Attempt any four questions from this Part

Question 5

- (a) (i) Prepare an individual supply schedule. [7]
- (ii) Draw a supply curve based on the schedule prepared above.
- (iii) State three assumptions of the law of supply.
- (b) Explain four reasons as to why land is considered to be an important factor of [8]
production.

Comments of Examiners

- (a) (i) Many candidates
- showed only two sets of prices and quantity supplied instead of at least four sets.
 - did not label the price and the quantity columns.
 - wrote the quantity column first and then the price.

Suggestion for Teachers

- Advise students to make schedules with at least four sets of price and quantity supplied.
- Teach them to make a proper format of the supply and demand schedules.
- Instruct students to always label the supply curves *SS* and demand curves *DD* and label the X and the Y axis. Ensure that the students do the same during tests and exams.

- prepared schedules which showed a negative relationship instead of a positive relationship between the two.
- (ii) Majority of the candidates did not represent the same schedule diagrammatically as asked for in the question. Many candidates did not label the supply curve SS. Some candidates interchanged the labelling on the X axis and the Y axis.
- (iii) Many candidates mixed up the assumptions of demand and supply. Several candidates also mentioned an assumption of price remaining constant.
- (b) A large number of the candidates misunderstood the question and wrote the characteristics of land instead of why *it is considered to be an important factor of production*.

- Clarify to the students, the reasons for the assumptions of the law of supply and the law of demand.
- Spell out clearly that land is important because of the function it performs and not because of its characteristics.
- Make a clear distinction between the characteristics, importance and the factors affecting productivity of land.
- Instruct the students to read the question paper cautiously and to make a note of what is asked in the question.

MARKING SCHEME

Question 5

(a)	<p>(i) Supply schedule should contain at least four sets of price and quantity supplied and must show a positive relationship.</p> <p>(ii) The graph must be properly labelled:</p> <ul style="list-style-type: none"> – Price on Y-axis. – Quantity supplied on X-axis. – Supply curve must be upward sloping. – Supply curve must be named SS. <p>(iii) Assumptions:</p> <ul style="list-style-type: none"> – Technology of production must not change. – The prices of factors of production must not change. – Goals of firm must not change. – Prices of related goods must not change. – Taxation policy of the government must not change. – Producers do not expect any change in price in the future. <p style="text-align: right;"><i>(Any three to be mentioned)</i></p>
(b)	<p>The following points explain the importance of land as a factor of production:</p> <ul style="list-style-type: none"> – determines total production/output level – determines agricultural output – determines industrial production – fulfills the basic needs of people – influences economic growth/economic development – maintains ecological balance <p style="text-align: right;"><i>(or any other relevant point)</i> <i>(Any four points)</i></p>

Question 6

- (a) Does a demand curve always have a negative slope? [7]
Give three reasons to justify your answer.
- (b) Point out the differences between perfect competition and monopoly on the basis of: [8]
- (i) Number of sellers
 - (ii) Market price
 - (iii) Entry of Firms
 - (iv) Type of products produced

Comments of Examiners

- (a) Majority of the candidates, instead of writing the exceptions to the Law of Demand, explained the reasons for the negative slope of the Demand curve.
- (b) Some candidates got confused between monopoly and monopolistically competitive market. Incorrect terminology was used by a few candidates.

Suggestion for Teachers

- Clarify to the students the different ways in which the concepts like Exceptions to Law of Demand/when will a demand curve slope upward/ Exceptions to the Law of Supply/ when will a supply curve slope downward/ characteristics of land/peculiarities of land and so on, can be questioned.
- Train students to use terms like sole seller, homogeneous/ heterogeneous goods, restricted entry. price maker, price taker.
- Guide students to write brief and correct explanations for the long answer questions.

MARKING SCHEME

Question 6

(a) No, there can be exceptions to a downward sloping demand curve.

- Conspicuous consumption
- Bandwagon effect
- Snob effect
- Insignificant share in consumers budget
- Veblen effect
- Speculative activities
- Giffen effect

*(Any **three** to be explained)*

(b)

Basis of difference	Perfect Competition	Monopoly
No. of sellers	Many	Single
Market price	No control-Price taker	Full control-Price maker
Entry of firms	Free entry	Entry is restricted.
Type of products produced	Homogeneous/Perfect substitutes	Homogeneous or heterogeneous but have no close substitutes

(The above points with brief explanation)

Question 7

(a) Why is labour an important factor of production? [7]

Explain the following characteristics of labour:

(i) Labour cannot be separated from the labourer.

(ii) Labour can improve its efficiency.

(iii) Labour is perishable.

(b) Discuss four ways in which an entrepreneur contributes to Economic development. [8]

Comments of Examiner

- (a) (i) Many candidates overlooked the first part of the question *why is labour an important factor of production?* Several candidates did not explain clearly that a labourer must be physically present in order to render his services.
- (ii) Majority of the candidates, instead of writing that an individual labourer could improve his efficiency through education and training, mentioned factors such as wages, working conditions and climate.
- (iii) Several candidates incorrectly associated 'perishability of labour' with old age and death rather than the impossibility of it being stored and used later.
- (b) Many candidates wrote about the functions of an entrepreneur instead of ways in which he contributes to economic development.

Suggestions for teachers

- Ask students to recall the importance of producers taught to them in previous Classes.
- Explain each and every characteristic of all the factors of production clearly to the students to enable them to answer any specific characteristic asked.
- Discuss with the students, the role played by an entrepreneur in an economy.
- Instruct students to read the question paper prudently and note what is asked.

MARKING SCHEME

Question 7

- | | |
|-----|---|
| (a) | <p>Labour is important as without labour, land and capital are unproductive.</p> <p>(i) Labourer has to be physically present at the place of work. Therefore, labour cannot be separated from labourer.</p> <p>(ii) Labourer can improve his efficiency by education, training and better tools.</p> <p>(iii) Labour is perishable because if he does not work on a particular day, that day's labour will be wasted.</p> |
| (b) | <p>Role of entrepreneur in economic development:</p> <ul style="list-style-type: none"> – New innovation and industrialisation – Influencing dynamism in production system – Recycling of profit for productive investment – Generating competitive strength in an industry and higher export income. – Efficient uses of available recourses – Government entrepreneurship and fulfilment of social work – Government entrepreneurship and the infrastructural facility |

(Any four ways with brief explanation)

Question 8

- (a) Define Money. Explain the secondary functions of money. [7]
- (b) Explain the methods adopted by Commercial Banks to mobilize funds from the public. [8]

Comments of Examiners

- (a) Most of the candidates defined Money correctly. However, several candidates mixed up the secondary functions of money with its primary and contingent functions. Many candidates were unable to explain the transfer of value function as how money could be transferred from one place to another.
- (b) Many candidates wrote about the different types of loans instead of deposits as they were unable to interpret mobilise funds from the public correctly. Some candidates, who wrote about the different types of deposits, did not mention the rates of interest and when and how the money from the deposits could be withdrawn.

Suggestions for teachers

- Explain the different groups of functions of money in a tabular form so that the students can find similarities and differences between them.
- Stress the importance of learning the functions of money under different headings.
- While explaining about the types of deposits, emphasize upon the rates of interest (high and low) and how and when can money be withdrawn from these deposits.
- Revise the concepts frequently in the class to reinforce the learning.

MARKING SCHEME

Question 8

(a)	<p>Anything that is generally acceptable as a means of exchange and acts as a measure and store of value.</p> <ul style="list-style-type: none"> – Standard of deferred payment – Transfer of value – Store of value <p style="text-align: right;"><i>(All three to be explained clearly)</i></p>
(b)	<p>Methods through which Commercial Banks mobilize funds from public are:</p> <ul style="list-style-type: none"> – Deposits in current account – Deposits in savings bank account – Fixed deposits – Recurring deposits <p style="text-align: right;"><i>(Methods with brief explanation)</i></p>

Question 9

- (a) What is meant by urbanisation? [7]

Explain *three negative impacts* of urbanisation on the eco-system.

- (b) State two merits and two demerits of direct taxes. [8]

Comments of Examiners

- (a) A few candidates overlooked the part of the question regarding the definition of urbanisation. Some candidates did not write about creation of slums, pressure on groundwater, spoilage of landscape due to accumulation of waste etc., while writing about the negative impacts of urbanisation on the eco-system, mentioned only the three types of pollution-air, water and noise as the different impacts.
- (b) The concepts of direct tax and indirect tax were well understood and well written by most of the candidates. However, some candidates did not give meaningful explanations of the merits and demerits of direct tax and indirect tax. The headings and the explanations did not correspond in a few answer scripts.

Suggestions for teachers

- Discuss all the negative impacts of urbanization stressing on the points other than pollution.
- Stress the importance of writing the headings and the corresponding explanation correctly.
- Encourage the students to write specific answers rather than general answers.
- Give enough practice to the students in writing long answers.

MARKING SCHEME

Question 9

(a)	<p>Urbanisation refers to general increase in urban population because of the movement of people from less industrialised region to more industrialised region.</p> <p>Impacts of urbanization on the eco system:</p> <ul style="list-style-type: none"> (i) Growth of unhygienic slums. (ii) Lack of proper drainage facility. (iii) Deterioration of natural habitat. (or any other relevant point) <p style="text-align: right;"><i>(Impacts of urbanization with brief explanation)</i></p>
(b)	<p>Merits of direct taxes:</p> <ul style="list-style-type: none"> – Ensures equity – Certain in nature – Elastic – Economical

- Fosters social consciousness
- Reduces inequalities

(Any **two** points to be explained)

Demerits of direct taxes:

- Unpopular
- Consciousness is not fostered for everybody
- Adverse effects on the will to work and save
- Chances of tax evasion
- Inconvenient
- Arbitrariness

(Any **two** points to be explained)

Question 10

- (a) Read the extract given below and answer the questions that follow:

Economic Times, April 12, 2018, New Delhi

*NEW DELHI: The Tata Group remains in the race for Air India, the debt-laden national carrier on which IndiGo, Jet Airways and Emirates are no longer keen. Other airlines still interested in participating in the **privatisation** of Air India include Lufthansa and Singapore Airlines. Reuters on Wednesday reported that the Tata Group is not interested in bidding for Air India. But sources told ET that the Tatas have not pulled out, and are still interested in acquiring Air India along with a foreign partner.*

*Meanwhile, in another move that will allow bidders to change members between the initial and final bidding stages, likely suitors for Air India have sought a relaxation in the norms for consortia participating in the debt-laden carrier's **privatisation**.*

- (i) Explain any two ways in which the government can undertake privatisation of public sector units. [4]
- (ii) State three reasons for the need for privatisation. [3]
- (b) Discuss four ways in which the State plays an important role in Economic Development. [8]

Comments of Examiners

- (a) (i) Majority of the candidates were not able to explain the different ways in which the government could undertake privatisation.
- (ii) Many candidates, instead of writing about the need for privatization or arguments for privatisation, wrote about the demerits of the Public Sector. Some candidates simply copied the lines from the extract.
- (b) Some candidates did not write a precise and clear explanation of the ways in which the State played an important role in Economic Development.

Suggestions for teachers

- Devise methodology and gather information from various text books and the internet to teach privatisation in such a manner, that students understand its meaning.
- Teach the arguments for and against Privatisation in a columnar form so that the students can compare and contrast.
- Give enough practice to the students in answering different types of case studies-based questions.

MARKING SCHEME

Question 10

- (a) (i) Ownership measure- It refers to the transfer of ownership of public sector enterprises either fully or partly to the private sector.
- Organisational measure-It shows the process of limiting state control over any PSU through a restructuring of its organizational framework.
- Selling a part of the equity of public sector enterprises to private enterprise.
 - Entry of private sector industries into the industries which were earlier meant only for public sector.
 - Not expanding the existing public sector.
- (Any two to be explained)*
- (ii) Privatisation is needed because of the following reasons:
- Creation of a competitive environment
 - Improved supply at a lower average cost
 - Reduction in unproductive expenditure of the Government and a reduction in deficit in Government budget
 - Greater flexibility in making production and investment decisions
 - Greater investment, employment and income opportunities
 - Greater flow of funds to public treasury
 - Greater inflow of foreign capital and improved technology

	<ul style="list-style-type: none"> – Greater market orientation – Improvement in managerial efficiency – Increase in accountability <p style="text-align: right;"><i>(Any other relevant point)</i> <i>(Any two reasons to be explained)</i></p>
(b)	<p>Role of State in Economic Development:</p> <ul style="list-style-type: none"> – Development of Economic Infrastructure. – Full Employment. – Rapid Industrialization – Removal of Inequalities of income and wealth. – Capital formation – Rapid agricultural development. – Social security measures – Stability of money value – Controlling monopoly – Sound banking system. <p style="text-align: right;"><i>(Any four ways to be clearly explained)</i></p>

GENERAL COMMENTS

Topics found difficult/ confusing by candidates

- Selling Cost and Price.
- Types of Capital.
- Functions of Money.
- Qualitative Methods of Credit Control.
- Negative slope of Demand curve and Exceptions to the Law of Demand.
- Characteristics of labour.
- Market Forms.
- Functions of an entrepreneur and role of entrepreneur in economic development.
- Acceptance of deposits and lending functions of a Commercial Bank.
- Privatisation.

Suggestions for candidates

- Avoid selective study.
- Revise the entire syllabus thoroughly from the text book and reference books.
- Clarify doubts from the teachers for conceptual comprehensiveness.
- Understand key words/technical terms/definitions and phrases properly and then learn.
- Read the question paper in the allotted reading time and allocate time to each question.
- Read the question prudently, analyse what is asked and then answer to the point. Give logical explanation wherever it is required. Do not waste time in writing extra points in the answers.
- Practise graphs and diagrams and remember to label them.
- Understand diagrams properly and prepare theory along with the diagram.
- Solve previous years' question papers to get an idea about the different ways in which questions can be asked.
- Note the points discussed in the class regarding various topics and the method of answering questions.