

## SECTION A – 40 MARKS

(Attempt *all* questions from this *Section*.)

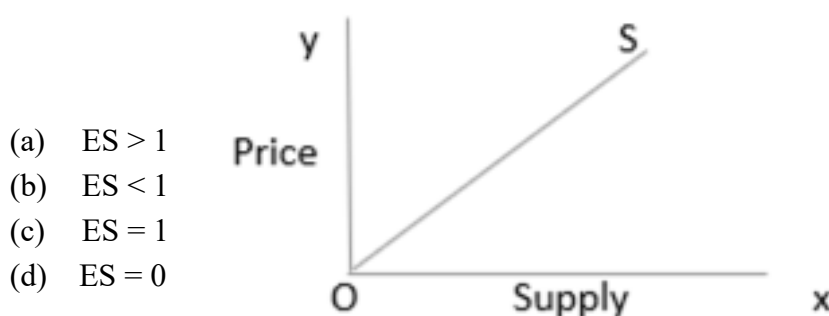
### Question 1

Choose the correct answers to the questions from the given options.

[16]

(Do not copy the questions, write the correct answers only.)

- (i) If the *rate of tax* falls with an increase in income, it is called as:
- Regressive
  - Progressive
  - Digressive
  - Proportional
- (ii) Which is an *assumption* to law of demand?
- No change in price of factor input
  - No change in size and composition of population
  - No change in number of firms operating in a market
  - No change in goal of a firm
- (iii) Which is an *essential feature* of barter system?
- It is based on transfer of value
  - It is based on double coincidence of wants
  - It is based on unit of account
  - It is based on store of value
- (iv) If a labourer *does not work* for a day, his one day's work will be *lost forever*. It implies:
- Labour is less mobile
  - Labour is perishable
  - Labour is less efficient
  - Labour is sensitive in nature
- (v) With reference to Perfect competition form of market, choose the *odd one out*.
- Restricted entry
  - Perfect knowledge
  - Homogeneous products
  - Perfect mobility
- (vi) Identify the *degree of elasticity* of supply from the following graph:



- (vii) Maruti, Tata and Hyundai are examples of which *form* of market?
- (a) Perfect competition
  - (b) Oligopoly
  - (c) Monopoly
  - (d) Duopoly
- (viii) With *price being same* an increase in the price of inputs will lead to \_\_\_\_\_ in the supply curve.
- (a) Upward movement
  - (b) Rightward shift
  - (c) Downward movement
  - (d) Leftward shift
- (ix) Which of the following is **not** an advantage of division of labour?
- (a) Reduces cost of production
  - (b) Expansion of employment
  - (c) Low quality goods
  - (d) Inventions
- (x) *The State Electricity Board sells electricity at cheaper rates for domestic use than for commercial use.* Given statement shows an act of:
- (a) Product differentiation
  - (b) Price discrimination
  - (c) Consumer exploitation
  - (d) Price determination
- (xi) The year 2023 was celebrated as ‘International Year of Millets’ and the government decided to *subsidize* the production of millets. In such case the supply curve will:
- (a) Shift to the right
  - (b) Shift to the left
  - (c) Be horizontal
  - (d) Be vertical
- (xii) Mr. Rao needs to *pay license fee to the government* to start his electric vehicle shop and some documents to meet the safety norms.  
The revenue earned by the government from this process will be called as \_\_\_\_\_ revenue.
- (a) Commercial
  - (b) Central
  - (c) GST
  - (d) Administrative
- (xiii) The ‘Right’ which allows the consumer to receive due consideration at appropriate forum relating to his / her welfare is:
- (a) Right to education
  - (b) Right to seek redressal
  - (c) Right to be heard
  - (d) Right to be informed

- (xiv) The elasticity of demand for *school bag* will be \_\_\_\_\_.
- (a) Elastic
  - (b) Perfectly elastic
  - (c) Unitary elastic
  - (d) Inelastic
- (xv) When State Bank of India is under financial crisis and borrows money from Central Bank at a *certain rate* against approved securities, it will be called as:
- (a) Interest rate
  - (b) Lending rate
  - (c) Reverse lending
  - (d) Bank rate
- (xvi) If Coke and Fanta are close substitutes to each other, a rise in price of Coke will lead to \_\_\_\_\_ for Fanta.
- (a) Decrease in demand
  - (b) Increase in demand
  - (c) Increase in quantity supplied
  - (d) No change in demand

## Comments of Examiners

- (i) Most of the candidates were able to comprehend the question well and answer correctly but some candidates confused the concept of regressive tax with progressive tax system.
- (ii) Many candidates were unable to clearly distinguish between the concepts of demand and supply and, hence, answered incorrectly.
- (iii) This question was well attempted by majority of the candidates.
- (iv) Many candidates answered this question correctly. However, some confused the concept of efficiency of labour with that of characteristics of labour as a factor of production and, thus, gave incorrect answers.
- (v) This question was well attempted by most of the candidates. Some candidates failed to read the question carefully, and overlooked the phrase “Chose odd one out” and, thus, chose an incorrect option.
- (vi) Some of the candidates overlooked the origin of the supply curve in the given diagram which resulted in their failure to accurately identify the correct degree of elasticity.
- (vii) Most of the candidates answered it correctly. However, some candidates found the use of automobile company names instead of the generic term “automobile company” confusing and were not able to choose the correct option.
- (viii) Some candidates were not able to accurately identify the impact of the given determinant on the supply curve and, thus, answered incorrectly.
- (ix) Majority of the candidates answered correctly. However, few candidates overlooked the term ‘*not*’ and chose incorrect options.
- (x) As this was a situation-based question, some candidates got confused and they struggled to connect it with the underlying concept leading to incorrect answers.
- (xi) Many candidates predominantly struggled to grasp the impact of subsidies provided to producers, thus, finding it difficult to analyse its influence on the supply curve.
- (xii) Majority of the candidates could answer correctly but few candidates were not thorough with key concept of tax and its classification.

### Suggestions for teachers

- Explain various types of tax with the help of a hypothetical schedule or diagram to help the candidates to understand the concepts more clearly.
- Illustrate how changes in supply and demand affect prices using graphs.
- Discuss changes in supply and demand by orchestrating a market with students playing the role of buyers and sellers and discuss news articles about changes in prices of goods (e.g., gas prices, seasonal fruits) and relate them to supply and demand concepts.
- Relate assumptions to real-world scenarios and discuss their practical implications.
- Facilitate discussions on strategies for identifying correct answer (key) from the given close distractors.
- Highlight the key terms associated with each characteristic of every factor of production.
- To ensure a thorough understanding conduct oral and written test to assess students’ comprehension of these characteristics.
- Encourage students to develop the habit of carefully reading questions to prevent overlooking important terms mentioned in the question.
- Emphasise the significance of the origin of the supply curve to provide a clearer understanding of the degree of elasticity.
- Integrate real-life examples, case studies, or current events into questions to illustrate practical applications of concepts.
- Ensure consistent diagram practice along with detailed explanation of shifts and movements and facilitate repeated revisions and tests.
- Formulate analytical questions during revisions and tests that require making connections between concepts and also evaluate different approaches or solutions.

- (xiii) Some candidates were unclear with the consumer rights and, hence, found it challenging to identify the correct option.
- (xiv) The classification of goods based on the elasticity of demand was found challenging to answer by most of the candidates.
- (xv) Most of the candidates answered correctly. However, some candidates related the question to loans and interest concept of commercial banks instead of focusing on the central bank, leading to incorrect choices.
- (xvi) This question was well attempted by majority of the candidates. However, a few candidates answered incorrectly.

### Suggestions for teachers

- Provide real-life contexts or scenarios relevant to the subject matter to allow students to see the practical relevance of what is being learnt and to encourage critical thinking.
- Illustrate the concept of supply and demand with the help of graphs to show the effect of subsidies on market prices and quantities and provide concrete examples.
- Design questions that require students to apply multiple concepts or skills to solve a problem and incorporate open-ended questions that allow for multiple possible solutions or interpretation in the term papers.
- Provide practice of case studies to help students in comprehensively understanding each consumer right.
- Define the concept of elasticity of demand clearly to students using everyday examples, and visual aids to explain different types of elasticity.
- Incorporate interactive activities making use of technology, and encourage questions and discussions.
- Clearly explain differences between the interest rate and the bank rate.

## MARKING SCHEME

### Question 1

(i)	(a)Regressive
(ii)	(b)No change in size and composition of population
(iii)	(b) It is based on double co-incidence of wants
(iv)	(b)Labour is perishable
(v)	(c)Restricted Entry
(vi)	(c)ES = 1
(vii)	(b)Oligopoly
(viii)	(d)leftward shift
(ix)	(c) Low quality goods
(x)	(b) Price discrimination
(xi)	(a) Shift to the right
(xii)	(d) Administrative
(xiii)	(c) Right to be heard

(xiv)	(d) Inelastic
(xv)	(d) Bank rate
(xvi)	(b) Increase in demand

## Question 2

- (i) Explain *any two* causes for the growth of public expenditure. [2]
- (ii) What are *funded debts*? [2]
- (iii) How can we define the term *market* in economics? [2]
- (iv) '*A state of running or hyperinflation in any economy is very harmful for production.*' Justify the statement with *two* reasons. [2]

## Comments of Examiners

- (i) Many candidates answered this question correctly.
- (ii) This question was well attempted by most of the candidates, but some missed out the key terms while answering and lost marks.
- (iii) Many candidates were able to answer this question correctly. However, some candidates focused more on buyers and sellers' terms, thus, overlooking the crucial outcome of their interaction, price and quantity to be exchanged.
- (iv) Most of the candidates misinterpreted the question and rather than addressing the detrimental impact of hyperinflation on production they emphasised on the definition while answering and, hence, did not score well.

### Suggestions for teachers

- Explain growth of public expenditure using examples of government activities happening locally in students' cities and nationwide.
- Teach different types of debts thoroughly and explain their nature, time period, and repayment terms along with the key terms by incorporating examples to explain effectively.
- Teach the concept of a market and emphasise on key elements such as the presence of both buyers and sellers, the nature of their interaction (whether direct or indirect), and the negotiation surrounding the agreed-upon price and quantity of goods or services to be exchanged.
- Ensure sufficient revision by interlinking chapters and topics regularly, and design questions that require students to apply multiple concepts or skills to solve a problem.

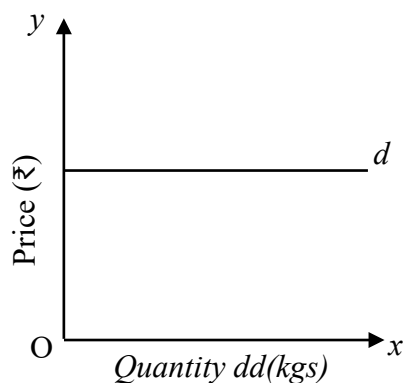
## MARKING SCHEME

### Question 2

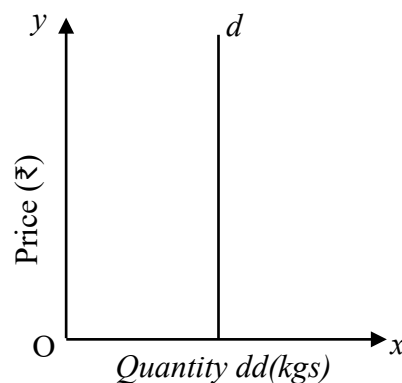
(i)	<p>(a) Political causes: Growth of democracy, Increase in defence expenditure.</p> <p>(b) Social causes: Population growth, social security measures, social services.</p> <p>(c) Economic causes: Rise in prices, increase in public sector, assistance to private sector, developmental programmes, growing trend of urbanisation.</p> <p>Expenditure on war/ maintenance of law and order/ prevention of monopolisation/ greater expenditure on internal and external security</p> <p style="text-align: right;"><i>(Any two)</i></p>
(ii)	Funded debts are <i>long term debts</i> . In order to repay the debt, a debt fund is created in which some money is deposited every year or it comprises of securities which are marketable in the stock exchange.
(iii)	Market in economics is a mechanism by which buyers and sellers comes in a contact with one another to strike a deal about price and quantity to be bought and sold.
(iv)	Misallocation of resources, reduction in saving, discourages foreign capital, hoarding, fall in quality, encourages speculation, upsets the planning process, adverse effect on balance of payment, harmful effect on capital formation.

### Question 3

- (i) What is the *formula* for percentage method of calculating price elasticity of supply? [2]
- (ii) What is *walking inflation*? [2]
- (iii) What does *RTI* stand for? What *provision* is provided under this Act to the citizens of the country? [2]
- (iv) [2]



**Picture 1**



**Picture 2**

Analyse the given graphs and identify the type of elasticity of demand of:

- (a) Picture 1
- (b) Picture 2

## Comments of Examiners

- (i) Some candidates answered correctly. However, a common error among some candidates was mistakenly writing demand instead of supply.
- (ii) Most of the candidates answered correctly as they were aware of the rate but then overlooked key terms such as ‘percent’ and ‘per annum’ in their answers and lost marks.
- (iii) Many candidates commonly confused the ‘Rights to Information’ question with the ‘Right to be informed’ concept. The ones who interpreted it as “Right to be informed’ also struggled with understanding the provisions outlined in the act.
- (iv) (a) Most of the candidates answered this question correctly except a few who wrote ‘elastic’ instead of ‘perfectly elastic’.
- (b) Most of the candidates answered the question correctly but repeated the same mistake of not taking into consideration the term ‘perfectly’ and, thus, answered only with ‘elastic’ instead of ‘perfectly inelastic’.

### Suggestions for teachers

- Teach the concept of elasticity and emphasise on the formula of measuring it.
- Instruct students to read the question carefully and then use the terms demand or supply accurately.
- Guide students about the specific terms they need to include in specific answers and ensure revision with key terms.
- Teach the concept of the ‘Right to Information’ and clarify that it is a citizen’s right distinct from the ‘Right to be informed’ which is a consumer right.
- Provide sufficient practice of drawing diagrams and labelling them with the name and degree and also provide practice papers focusing solely on identifying the degree in class.

## MARKING SCHEME

### Question 3

(i)	$e_s = \frac{\text{Percentage change in quantity supplied}}{\text{Percentage change in price}}$ <p style="text-align: center;"><i>Or</i></p> <p>Price elasticity of supply is measured by dividing the percentage change in quantity supplied of a commodity by the percentage change in the price of a commodity.</p>
(ii)	<p>When the rate of inflation is from 3 to 6% p.a.</p> <p>It is a warning signal for the government to control it.</p>
(iii)	<p>Right to Information</p> <p>It provides the citizens the right to have all information about the functioning of the government.</p>
(iv)	<p>(a) Picture 1 – Perfectly elastic demand</p> <p>(b) Picture 2 – Perfectly inelastic demand</p>



## Question 4

- (i) What is the *legal* definition of money? [2]
- (ii) How is internal debt *different* from external debt? (*One point*) [2]
- (iii) State whether the following statement is true or false. Give reason for your answer. [2]  
*The capital like printing machines, tools when used in process of production are subject to depreciation.*
- (iv) Define the term *public finance*. [2]

### Comments of Examiners

- (i) Some of the candidates failed to read the questions carefully, and overlooked the term 'legal' which led them to write the functional definition of money instead of legal definition.
- (ii) Majority of the candidates answered correctly. However, only a few included the source and its impact on national income.
- (iii) Some candidates omitted the crucial explanation of 'wear and tear', which clearly explains depreciation even though they understood that depreciation signifies the decline in value of capital goods due to its continuous use over a given period.
- (iv) Some candidates answered the question correctly, but they tended to confine their response to the government's income and expenditure only and not about their adjustments to each other.

### Suggestions for teachers

- Clearly explain the terms 'legal' or 'functional' when explaining the definition of money and emphasise the most important aspects that define the term.
- Guide students by structuring answers to such questions in class, and then elucidate the points that contribute significantly to the depth of the question.
- Explain the term depreciation by laying emphasis on both the aspects: its occurrence due to continuous use over a given period, and the consequent wear and tear resulting in a decrease in its value.
- Ensure to include important aspects of the term while explaining public finance.

## MARKING SCHEME

### Question 4

(i)	Anything that the law declares as money is accepted as money or enforced by law.
(ii)	Internal debt is taken from within the boundaries of the country. External debt is taken from outside the boundaries of the country.
(iii)	True. As we use them, they tend to wear out and have to be replaced when completely worn out.
(iv)	It is connected with the income & expenditure of public authorities and with the adjustment of one to another.  <i>Or</i> It is that part of economics, where we discuss the revenue and expenditure operations of the government.

## SECTION B (40 Marks)

*(Attempt any four questions from this Section.)*

### Question 5

- (i) (a) Define productivity of land. [5]
- (b) Explain *any three* factors affecting productivity of land.
- (ii) Give *five* points of difference between Commercial and Central Bank. [5]

### Comments of Examiners

- (i) (a) This question was well attempted by majority of the candidates. However, some candidates did not mention the key word 'capacity' in their definition.
- (b) Some candidates correctly identified the factors influencing land productivity but failed to provide detailed explanation for the same.
- (ii) Many candidates answered it correctly and only a few candidates failed to match the corresponding columns.

### Suggestions for teachers

- Explain the definition clearly and emphasise on key terms with regular practice and revision.
- Instruct students on the significance of using headers and guide students to provide thorough explanation for each header.
- Encourage students to ensure that their explanation align properly with the corresponding headers.
- Encourage students to practice distinguishing between concepts and emphasise the importance of matching corresponding columns.
- Facilitate regular revision to ensure effective learning by students.

## MARKING SCHEME

### Question 5

(i)	(a) By productivity of land, we mean the capacity of a land to produce a crop. (b) Factors – Natural factors, human factors, size of holding, improvement on land, location of land, organisation, ownership of land, availability of capital, proper use of land, state help
(ii)	On the basis of meaning, objective, ownership, note issue, banker, number, credit <i>(Any other relevant points)</i>

## Question 6

- (i) (a) What is the meaning of creeping inflation? [5]  
 (b) Explain *any three* causes of demand-pull inflation.
- (ii) (a) What is an *overdraft facility*? [5]  
 (b) Differentiate between demand deposits and fixed deposits. (*Three points*)

### Comments of Examiners

- (i) (a) Some candidates were confused with the range of inflation and they overlooked 'per annum' alongside the rate of inflation and answered incorrectly.
- (b) Some of the candidates were confused about the cause of demand-pull and cost-push inflation and, therefore, provided causes of cost-push inflation instead of demand-pull inflation.
- (ii) (a) Many candidates understood and explained the concepts well. However, a few attempted to explain it using lengthy examples which were not required.
- (b) Many candidates answered correctly. Few candidates wrote the differences without matching the corresponding column.

### Suggestions for teachers

- Explain all four stages of inflation, along with their associated ranges, and prompt students to compare these stages.
- Stress on the importance of key terms and accurate usage of the terminology associated with describing the degrees of inflation.
- Conduct a comparative study of demand-pull and cost-push inflation for better conceptual clarity of the students.
- Clarify to students the appropriate use of examples to avoid unnecessary elaboration and wastage of time on a particular concept.

## MARKING SCHEME

### Question 6

- (i) (a) When the rate of inflation ranges from 1 – 3 % p.a. It is considered good for the economy as it keeps it away from stagnation.
- (b) Causes of demand-pull inflation:  
 Increase in money supply, increase in disposable income, increase in population, increase in export demand, high rate of investment.
- (ii) (a) An overdraft is an advance given by allowing a customer keeping current account to overdraw his account upto an agreed limit.
- (b)
- | Fixed deposit   | Demand deposit                 |
|---|--------------------------------|
| 1. Can be withdrawn only after maturity.                      | Can be withdrawn any time.     |
| 2. They are non-chequeable.                                   | They are chequeable.           |
| 3. High rate of interest is earned.                           | No interest is earned.         |
| 4. No passbook facility.                                      | Passbook facility is provided. |
| 5. They fall under the category of ear money or liquid asset. | They are part of money supply. |

(Any three)