ICSE EXAMINATION PAPER - 2024
ECONOMICS
Class-10^{th}
(Solved)

Maximum Marks: 80
Time allowed: Two hours

Answers to this Paper must be written on the paper provided separately

You will not be allowed to write during the first 15 minutes

This time is to be spent in reading the question paper.

The time given at the head of this Paper is the time allowed for writing the answers.

Attempt all questions from Section A and any four questions from Section B.

The intended marks for questions or parts of questions are given in brackets []

SECTION A (40 Marks)

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

Question 1 **[16]**

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

(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:

(a) Regressive **(b)** Progressive
(c) Digressive **(d)** Proportional

(ii) Which is an *assumption* to law of demand?

(a) No change in price of factor input
(b) No change in size and composition of population
(c) No change in number of firms operating in a market
(d) No change in goal of a firm

(iii) Which is *an essential feature* of barter system?

(a) It is based on transfer value
(b) It is based on double coincidence of wants
(c) It is based on unit of account
(d) It is based on store of value

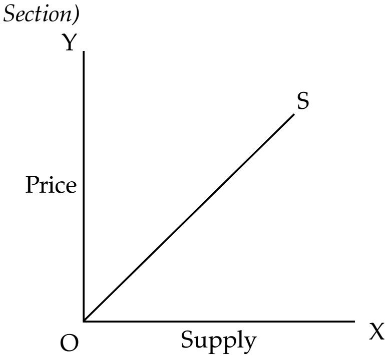
(iv) If a labourer *does not work* for a day, his one day's work will be *lost forever* It implies

(a) Labour is less mobile
(b) Labour is perishable
(c) Labour is less efficient
(d) Labour is sensitive in nature

(v) With reference to Perfect competition form of market, choose the ***odd one out***.

(a) Restricted entry
(b) Perfect knowledge
(c) Homogeneous products
(d) Perfect mobility

(vi) Identify the *degree of elasticity* of supply from the following graph:



(a) ES > 1 **(b)** ES < 1
(c) ES = 1 **(d)** ES = 0

(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
(e) 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

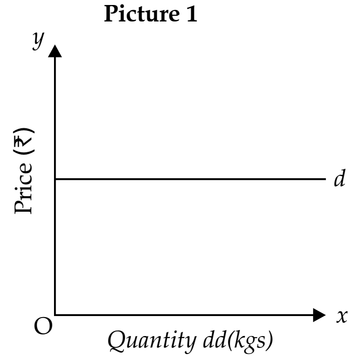
Question 2

(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]**

Question 3

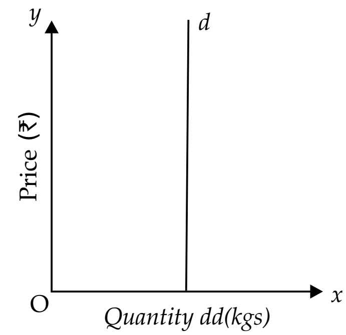
(i) What is the *formula* for percentage method of calculating price elasticity of supply? **[2]**
(ii) What is *walking inflation*? **[2]**
(iii) What does RTI stands for? What *provision* is provided
(iv) under this Act to the citizens of the country? **[2]**

Picture 1



[2]

Picture 2



Analyze the given graphs and identify the type of elasticity of demand of:
(a) Picture 1
(b) Picture 2

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]**

SECTION B (40 Marks)

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

Question 5

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

Question 6

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

Question 7

(i) State and explain the law of demand with the help of a hypothetical schedule and graph. **[5]**
(ii) Read the following statements:
State whether demand will be *Elastic* or *Inelastic*.
Give reasons for your answer.
(a) The demand for *salt* by households.
(b) A consumer prefers to *postpone* the purchase of a car to avail more of year ending discount. **[5]**

Question 8

(i) **(a)** Define *labour* as a factor of production.
(b) Mention *any three* decision making functions of an entrepreneur. **[5]**
(ii) How are consumers *exploited* by producers and retailers? **[5]**

Question 9

(i) Give any *five* points of *differences* between direct and indirect tax. **[5]**
(ii) **(a)** What are *proportional* taxes?
(b) Explain *any three* features of a monopoly market. **[5]**

Question 10

(i) **(a)** What do you mean by *market supply*? **[5]**

(b) Briefly explain *any three* factors that affect supply of a commodity.

(ii) **Read the extract and answer the following question:**

Food adulteration is a complex issue that requires a multi-pronged approach involving government intervention, industry cooperation, and consumer awareness. In Country X addressing food adulteration is an ongoing challenge, but with a concerted effort from all stakeholders, there is hope for creating a safer and more trustworthy food supply chain in the future.

(a) In order to secure consumer rights what duties should the consumers fulfil?

(b) Mention any two harmful effects of food adulteration. **[5]**

ANSWERS

Answer 1

(i) **Option (a) is correct.**

Explanation: A regressive tax is a tax that takes a larger percentage of income from low-income earners than from high-income earners. In other words, as income increases, the percentage of tax paid decreases. This type of tax tends to place a heavier burden on individuals with lower incomes relative to their ability to pay compared to those with higher incomes.

(ii) **Option (b) is correct.**

Explanation: Demographic changes can influence demand patterns. For instance, an aging population might increase demand for healthcare services or leisure activities tailored to older individuals. In economic analysis, the assumption of holding demographic factors constant is made to isolate the effect of price changes on demand when applying the law of demand in theoretical or empirical studies.

(iii) **Option (b) is correct.**

Explanation: The "double coincidence of wants" in the barter system means both parties must desire what the other offers for a trade to occur. For instance, if one person has apples and wants rice, while another has rice and wants apples, they can trade. However, finding such matches is difficult, making bartering inefficient.

(iv) **Option (b) is correct.**

Explanation: Labour in the context of human effort or work, is perishable in nature. Unlike physical goods or commodities that can be stored for future use, labour cannot be stored or saved for later. Each unit of labour is tied to a specific period of time and cannot be reclaimed once it passes.

(v) **Option (a) is correct.**

Explanation: In perfect competition, free entry refers to the ease with which new firms can enter the market without facing significant barriers such as high startup costs or legal restrictions. This condition ensures that existing firms cannot maintain long-term economic profits, as new competitors can enter and drive prices down to the level of production costs in the long run.

(vi) **Option (c) is correct.**

Explanation: When the price elasticity of supply is unit elastic, it means that a price change is precisely equal to the change in quantity supplied. This situation is characterized by an elasticity value of 1 ($E_S = 1$), resulting in a straight-line supply curve that passes through the origin.

(vii) **Option (b) is correct.**

Explanation: Oligopoly refers to a market structure characterized by a small number of large firms dominating the industry. These firms have significant market power and often engage in strategic decision-making, such as pricing strategies and product differentiation, while also being interdependent on each other's actions.

(viii) **Option (d) is correct.**

Explanation: An increase in the prices of a good's inputs raises the production costs for suppliers. As a result, they are less willing or able to supply the same quantity of the good at any given price level. This leads to a decrease in supply, shifting the supply curve to the left.

(ix) **Option (c) is correct.**

Explanation: When workers specialize in tasks they are best suited for, they can develop expertise and efficiency, leading to higher-quality output.

(x) **Option (b) is correct.**

Explanation: Price discrimination occurs when a seller charges different prices for the same product or service to different consumers or groups of consumers. In this case, the state electricity board is charging different rates for domestic and commercial use, even though the product (electricity) is the same.

(xi) **Option (a) is correct.**

Explanation: Subsidies can lower production costs for firms, leading to increased supply as they are able to produce more output at each price level. This results in a rightward shift of the supply curve.

(xii) **Option (d) is correct.**

Explanation: The administrative revenue of a government refers to the income generated from administrative activities carried out by governmental bodies at different levels (local, regional, national). This revenue typically includes various sources such as taxes, fees, fines, permits, licenses, and other charges related to administrative services provided by the government.

(xiii) **Option (c) is correct.**

Explanation: The right to be heard ensures that consumers have a voice in decision-making processes concerning their welfare. This includes the establishment of non-political and non-commercial consumer organizations to represent consumer interests in governmental and other bodies' committees, ensuring their concerns are adequately addressed and considered.

(xiv) Option (d) is correct.

Explanation: Inelastic demand refers to a situation where changes in the price of a product or service result in proportionally smaller changes in the quantity demanded. When a product is considered a necessity, such as school bags, uniforms, and other school supplies, consumers are often less sensitive to price changes because they require these items regardless of price fluctuations.

(xv) Option (d) is correct.

Explanation: A bank rate is the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans.

(xvi) Option (b) is correct.

Explanation: If Coca-Cola (Coke) and Fanta are considered close substitutes, a rise in the price of Coke would likely lead to an increase in demand for Fanta. This is because consumers may switch to Fanta as a substitute for Coke since it has become relatively more expensive.

Answer 2.

(i) Causes of Growth of Public Expenditure:

(a) Growth of democracy: With the expansion of democratic principles, there's a greater emphasis on providing public services and welfare programs to meet the diverse needs of the population, leading to increased public expenditure.

(b) Increase in defence expenditure: Global security challenges and geopolitical tensions necessitate higher spending on defence to ensure national security and protect against emerging threats, contributing to the rise in public expenditure.

(c) Economic and social infrastructure: Investments in infrastructure projects such as roads, bridges, schools, and healthcare facilities are crucial for fostering economic growth and social development, prompting governments to allocate more funds to these sectors, consequently increasing public expenditure.

(Any two)

(ii) Funded debt is money borrowed by the government that needs to be paid back over a long time, usually more than a year. It's considered long-term debt. The government sets aside a special fund to make sure it can repay this debt when it's due. That's why it's called funded debt.

(iii) In economics, the term "market" refers to a system where buyers and sellers interact to exchange goods, services, or resources. It can be a physical location, like a marketplace, or a virtual platform, such as an online marketplace.

(iv) Yes, a state of running or hyperinflation in any economy is very harmful for production.

Reasons:

(i) Reduced Real Income: Running or Hyperinflation decreases the purchasing power of consumers, leading to lower demand for goods and services. Consequently, businesses experience reduced sales, forcing them to cut production levels to align with decreased demand, thus hampering overall production.

(ii) Uncertainty in Costs: Running or Hyperinflation creates an unpredictable business environment with fluctuating prices and costs. Businesses find it challenging to accurately forecast expenses, leading to hesitancy in investing in production capacity or expansion, ultimately restraining overall production growth.

Answer 3.

(i) $$E_d = -\frac{\text{Percentage Change in Quantity Demanded}}{\text{Percentage Change in Price}}$$

(ii) Walking inflation refers to a relatively moderate and steady increase in the general price level of goods and services over time. The annual inflation rate is single digit i.e. 3% to 10%, it is called walking inflation.

(iii) RTI: Right to Information

The Right to Information Act empowers citizens to hold public authorities accountable, fosters transparency in government operations, and enhances democratic governance.

(iv) Picture 1: Perfectly elastic demand

Perfectly elastic demand refers to a situation where the quantity demanded of a good or service changes infinitely in response to any change in price.

Picture 2: Perfectly inelastic demand

Perfectly inelastic demand refers to a situation where the quantity demanded of a good or service remains constant regardless of changes in price. In other words, consumers are not responsive at all to changes in price; they will buy the same amount of the good or service regardless of its price.

Answer 4.

(i) Money that has a legal sanction by the government behind it is called legal tender or legal tender money.

Legal tender or legal money means money under the law of land.

(ii) Difference between Internal Debt and External Debt:

S. No.	Internal Debt	External Debt
(i)	Debt owed to locally owned banks in the local currency is internal debt.	When a country borrows from bankers abroad, the debt is considered external.
(ii)	An internal debt is owed by a nation to its own citizens.	An external debt is owed by a nation to foreigners.
(iii)	The various instruments of internal debt include market loans, bonds, treasure bills, and advances.	External debts are multilateral borrowings, bilateral borrowings, loans from the World Bank.
(iv)	These loans are repayable only in domestic currencies.	These loans are repayable in foreign currencies.

(Any one)

(iii) True

Reason: Depreciation is the gradual decrease in the value of capital assets like printing machines and tools over their useful life due to wear and tear. It is accounted for as an expense on the income statement to accurately reflect the cost of using the asset in the production process over time.

(iv) Public finance is the study of how governments raise and spend money to finance public expenditures and achieve economic and social objectives. It involves analyzing government budgets, taxation policies, public debt management, and the allocation of resources to various sectors such as education, healthcare, infrastructure, and defense, with the aim of promoting economic stability, growth, and public welfare.

Answer 5.

(i) The productivity of land refers to its ability to generate outputs such as crops, livestock, or other goods and services per unit area over a specific period. It is a measure of the efficiency with which land resources are utilized to produce agricultural or economic yields, influenced by factors like soil quality, climate, management practices, and technological inputs.

(b) **Factors affecting Productivity of Land:**

1. **Natural Fertility of Land:** The inherent quality of soil, including its composition, texture, depth, and nutrient content, influences its productivity. Fertile soil can support higher yields without additional inputs.
2. **Proper Use of Land:** Effective land management practices such as crop rotation, soil conservation, and irrigation can enhance productivity by optimizing soil health and minimizing degradation.
3. **Investment on Land:** Investments in land improvements, such as drainage systems, terracing, and fertilization, can increase productivity by enhancing soil fertility and water retention capabilities.
4. **Security of Tenancy:** Secure land tenure rights provide incentives for farmers to invest in land improvements and adopt long-term sustainable practices, thereby improving productivity.
5. **Location:** Environmental factors such as climate, topography, and access to water resources significantly influence land productivity. Favourable locations with adequate rainfall, suitable temperatures, and good infrastructure typically support higher yields.
6. **Other Inputs:** Availability and efficient use of complementary inputs such as seeds, fertilizers, pesticides, machinery, and labour play a crucial role in maximizing land productivity.
7. **Method of Cultivation:** The choice of cultivation methods, including tillage practices, crop selection, planting techniques, and pest management strategies, can impact land productivity. Sustainable agricultural practices that minimize soil disturbance and promote biodiversity tend to enhance long-term productivity. **(Any three)**

(ii) **Difference between Commercial Banks and Central Banks:**

Aspect	Commercial Banks	Central Banks
Purpose	Serve individuals and businesses for profit	Oversee the monetary system and implement monetary policy
Ownership	Private individuals or shareholders	Government-owned or operated with varying degrees of independence
Functions	Accept deposits, provide loans, offer financial services	Issue currency, regulate money supply, set interest rates
Role in Monetary Policy	Implement monetary policy set by central bank	Set and implement monetary policy
Control	Subject to regulatory oversight by central banks and government authorities	Regulate and supervise commercial banks, maintain financial stability

Answer 6.

(i) **(a)** Creeping inflation refers to a low and gradual increase in the general price level of goods and services over time. Unlike hyperinflation or rapid inflation, creeping inflation typically occurs at a moderate rate, often in the range of 1% to 3% annually.

(b) **Causes of demand-pull inflation:**

1. **Increased Consumer Spending:** Strong consumer confidence, rising incomes, or expansionary fiscal policies such as tax cuts or government spending can boost consumer spending, driving up demand for goods and services.
2. **Expansionary Monetary Policy:** Central banks may implement loose monetary policies, such as lowering interest rates or increasing the money supply, to stimulate borrowing and spending. This increase in money circulation can lead to higher demand for goods and services, fuelling inflationary pressures.
3. **Investment Expenditure:** Increased business investment, whether due to favourable economic conditions, technological advancements, or business optimism, can raise demand for capital goods and services, contributing to inflation.
4. **Government Spending:** Government expenditures on infrastructure projects, defense, or social programs can increase demand for goods and services, especially if funded through deficit spending or monetary expansion.

5. **Exports and Exchange Rates:** Strong export demand or a depreciation of the domestic currency can lead to increased foreign demand for goods and services, boosting overall demand and potentially causing inflationary pressures.
6. **Supply Shocks:** Temporary disruptions in the supply chain, such as natural disasters, geopolitical events, or production bottlenecks, can reduce supply while demand remains constant or increases, leading to upward pressure on prices.
7. **Expectations:** Expectations of future inflation among consumers, businesses, and policy makers can influence current spending and investment decisions, leading to self-fulfilling prophecies of inflationary pressures.

(Any three)

(ii) (a) Overdraft Facility: An overdraft facility is a financial service provided by banks that allows account holders to withdraw funds from their bank account beyond the available balance, up to a predetermined limit. It essentially provides short-term credit to the account holder, allowing them to make payments or cover expenses even when their account balance is insufficient.

(b) Difference between Demand Deposits and Fixed Deposits:

Basis	Demand Deposits	Fixed Deposits
Access to Funds	Funds in demand deposits are available on demand, allowing frequent withdrawals and deposits.	Funds in fixed deposits are held for a fixed term, typically ranging from a few months to several years, with limited access to withdrawals before maturity.
Interest Rates	Generally, demand deposits earn lower interest rates compared to fixed deposits.	Fixed deposits offer higher interest rates compared to demand deposits, with rates varying based on the deposit term and prevailing market conditions.
Term	Demand deposits have no fixed term and can be held indefinitely.	Fixed deposits have a predetermined term agreed upon at the time of deposit, after which they mature and can be withdrawn.
Flexibility	Demand deposits offer flexibility for frequent transactions and day-to-day banking needs.	Fixed deposits offer less flexibility, as funds are locked in for the duration of the deposit term with limited or no access to withdrawals.
Risk and Return	Demand deposits are considered relatively low-risk, but offer lower returns compared to fixed deposits.	Fixed deposits are low-risk investments with guaranteed returns, making them suitable for conservative investors seeking stable returns.
Purpose	Demand deposits are primarily used for regular banking transactions and as a means of storing liquid funds.	Fixed deposits are commonly used for savings and investment purposes, offering higher interest rates for those willing to commit funds for a fixed term.

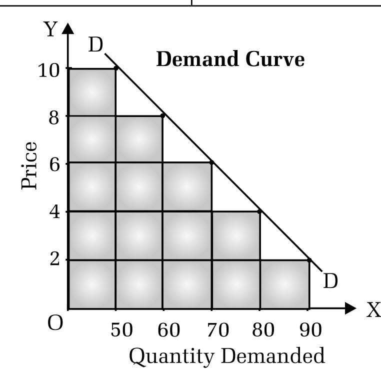
(Any three)

Answer 7.

(i) The law of demand states that, other things remaining constant, the quantity demanded of a commodity decreases with rise in its price and increases with a fall in its price. So, there is an inverse relationship between price and quantity demanded of a commodity. This is explained with the help of a table and fig. Both demand schedule and following demand curve are showing an inverse relation between price and quantity demanded.

Demanded Schedule and Demand Curve showing inverse relation between Price and Quantity Demanded

Price per unit (₹)	Quantity Demanded
10	50
8	60
6	70
4	80
2	90



(ii) (a) Inelastic

Reason: The demand for salt is often inelastic because it is considered a necessary good, essential for cooking and food preservation. Regardless of changes in price, consumers typically maintain a consistent demand for salt, as it lacks of various substitutes and is considered a staple in households. Similarly, other essential goods like sugar and milk often exhibit inelastic demand due to their fundamental role in daily consumption.

(b) Elastic

Reason: Elastic demand refers to a situation where changes in price lead to proportionally larger changes in the quantity demanded. In this case, the consumer is willing to postpone the purchase of a car, indicating that they are sensitive to changes in price. The availability of a discount prompts the consumer to wait, as they anticipate a lower price in the future. This responsiveness to price changes indicates elastic demand.

Answer 8.

(i) (a) Labour is a vital factor of production, encompassing the physical and mental efforts of individuals. It contributes to economic output, productivity, and income generation, playing a crucial role in driving economic growth and development.

(b) Decision-making functions of an entrepreneur:

1. **Choosing the Type of Business:** Entrepreneurs decide on the legal structure of their business, such as sole proprietorship, partnership, or corporation, based on factors like personal preferences, financial resources, and liability considerations.
2. **Determining the Scale of Operations:** Entrepreneurs decide on the size and scope of their business operations, considering factors like market demand, available resources, and growth potential, to determine whether to operate on a small, medium, or large scale.
3. **Setting Prices and Marketing Strategies:** Entrepreneurs set prices for their products or services based on market conditions, competitor pricing, and production costs, while also developing marketing strategies such as advertising and promotions to attract customers and increase sales.

(ii) Consumer exploitation can take various forms, including:

1. **Production of Spurious Goods:** Manufacturers may produce counterfeit or fake goods, deceiving consumers by imitating popular brands or products, often compromising quality and safety.
2. **Poor Quality of Products:** Some producers may intentionally manufacture products of substandard quality, which fail to meet safety or performance standards, thereby deceiving consumers who expect higher quality.
3. **False Weights and Measures:** Retailers may use inaccurate measuring devices or misrepresent quantities, leading consumers to pay for more than they receive, effectively overcharging them.
4. **Selling Goods at a Higher Price:** Sellers may engage in price gouging by charging excessive prices for goods or services, taking advantage of consumers' lack of alternatives or urgency.
5. **Offering Gifts or Prizes to Cheat Consumers:** Some businesses may use deceptive marketing tactics, such as false promises of gifts or prizes, to lure consumers into purchasing products or services under false pretenses.
6. **Selling Second-hand Goods as Brand New:** Unscrupulous sellers may misrepresent used or refurbished goods as brand new, misleading consumers who expect genuine new products.
7. **Creating False Impressions through Sales Strategy:** Retailers may use misleading advertising, deceptive packaging, or aggressive sales tactics to create false impressions about the quality, benefits, or value of their products, thereby exploiting consumers' trust. **(Any five)**

Answer 9.

(i) Difference between Direct tax and Indirect tax:

Aspect	Direct Tax	Indirect Tax
Definition	Tax levied directly on individuals or entities based on their income or wealth.	Tax levied on goods and services at the point of sale or consumption.
Incidence	Incidence falls directly on the taxpayer, who bears the burden of the tax.	Incidence is passed on to the consumer in the form of higher prices.
Collection	Collected directly from the taxpayer by tax authorities.	Collected indirectly from consumers by sellers or service providers.
Equity	Generally considered more equitable as it is based on ability to pay.	May be regressive, as it affects lower-income individuals disproportionately.
Examples	Income tax, corporate tax, wealth tax.	Value Added Tax (VAT), excise duty, customs duty.

(ii) (a) A proportional tax, also known as a flat tax, is a system where the tax rate remains constant regardless of the taxable base amount. This means that the tax paid increases or decreases in direct proportion to the taxable base amount. In other words, everyone pays the same percentage of their income or wealth as tax, regardless of their level of income or wealth.

(b) Features of Monopoly market:

(1) Single Seller: In monopoly, there is only one firm producing the product. The whole industry consists of this single firm. Thus, under monopoly, there is no distinction between firm and industry. Being the only firm, there is significant control of the firm over supply and price. Thus, under monopoly, buyers do not have the option of buying the commodity from any other seller. They have to buy the product from the firm or they can go without the commodity. This fact gives immense control to the monopolist over the market.

(2) No Close Substitute: There are no close substitutes of the product produced by the monopolist firm. If there are close substitutes of the product in the market, it implies presence of more than one firm and hence no monopoly. In order to ensure a total of control over the market by the monopolist firm, it is assumed that there are no close substitutes of the product.

(3) Restrictions on the entry of new firms: Under monopoly, there are some restrictions on the entry of new firms into the monopoly industry. Monopoly can only exist when there are strong barriers before a new firm to enter the market. If new firms enter the industry, there will not be complete control of a firm on the supply. As such, whenever a firm enters the industry, monopoly situation comes to an end. Generally, there are patent rights or exclusive control over a technique or on raw material.

(4) Price Maker: Being the single seller of the product, the monopolist has full control over the pricing of the product. On the other hand, if there is a large number of buyers in the market, so no single buyer exercises any significant influence over price determination. Thus, it is a seller's market. So, monopoly firm is a price maker.

(5) Profits in the Long Run: A monopolist can earn abnormal profits even in the long run because he has no fear of a competitive seller. In other words, if a monopolist gets abnormal profits in the long run, he cannot be displaced from this position. **(Any three)**

Answer 10.

(i) (a) Market supply refers to the total quantity of a good or service that all producers are willing and able to offer for sale at various prices within a specific market and time period. It represents the aggregate supply from all producers or sellers in the market.

(b) Factors affecting Supply:

1. **Price of the Commodity:** As the price of the commodity increases, producers are generally willing to supply more of it to the market, as higher prices provide greater profitability.
2. **Price of Related Goods:** The prices of related goods, such as substitutes or complements, can influence the supply of a particular commodity. For example, an increase in the price of a substitute good may prompt producers to decrease supply of the original good.
3. **Price of Factor Inputs:** The costs of production, including raw materials, labour, and capital, directly affect supply. Higher input prices generally decrease supply, as it becomes more expensive for producers to manufacture goods.
4. **Goal of the Firm:** The profit-maximizing objective of firms influences their supply decisions. Firms may adjust their production levels in response to changes in market conditions to maximize profits.
5. **Technical Know-how:** Advancements in technology and production techniques can increase efficiency and reduce costs, leading to higher levels of supply for a given price.
6. **Expected Change in Price:** Anticipated future changes in price can influence current supply decisions. Producers may increase or decrease supply based on expectations of future profitability.
7. **Number of Firms in the Industry:** The number of firms operating in the industry affects overall market supply. More firms typically lead to greater competition and higher total supply.
8. **Government Policies:** Government regulations, subsidies, taxes, and trade policies can significantly impact supply. For instance, subsidies may encourage increased production, while taxes may discourage it. Regulations can also affect production costs and market entry. **(Any three)**

(ii) (a) Some of the duties to be fulfilled by the consumer are:

(1) Awareness: Consumers should stay informed about their rights and responsibilities, as well as the quality, price, and safety of products they purchase.

(2) Looking for Quality Marks: Consumers should look for quality marks or certifications on products, which indicate compliance with quality standards and ensure reliability.

(3) Asking for Cash Memo: Consumers should always ask for a cash memo or receipt for their purchases, as it serves as proof of transaction and can be useful for refunds or exchanges.

(4) Reading Labels: Consumers should carefully read product labels for information on ingredients, nutritional content, expiry dates, and usage instructions to make informed choices.

(5) Honest Transactions: Consumers should engage in honest and fair transactions, avoiding practices such as fraud, misrepresentation, or deceit.

(6) Ensure Safety: Consumers should prioritize their safety when purchasing goods or services, checking for safety standards, expiry dates, and potential hazards.

(6) Filing Complaints: If consumers encounter problems with products or services, they should file complaints with relevant authorities or consumer forums to seek resolution and prevent similar issues in the future. **(Any three)**

(b) Effects of Food Adulteration:

1. Stomach ache
2. Cholera
3. Anaemia
4. Eye problem
5. Partial paralysis **(Any two)**

❑❑❑