ICSE Class 10 Economic Applications Specimen Paper 2

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Maximum Marks: 80 | Time Allowed: Two hours | Reading Time: 15 minutes

Section A is compulsory. Attempt any four questions from Section B.

General Instructions

Write your answers on the separate answer paper provided. The first 15 minutes are for reading the paper, and you may not write during that time. Marks for each question, or part of a question, are shown in brackets. No diagram or schedule is printed in this paper. Where a question asks for a schedule or a curve, prepare the schedule yourself with figures of your own and draw the curve on the answer paper in pencil, marking the quantity on the horizontal axis and the price on the vertical axis and labelling both. Show all working for numerical questions on the same sheet as the answer. Write the rupee as Rs.

SECTION A (40 Marks)

Attempt all questions from this Section.

Question 1 [15]

Choose the correct answer for each part. Write only the option you choose.

(i) Which of the following is an example of working capital?

(a) a tractor (b) a warehouse

(c) the diesel used by a tractor (d) a weighing machine

(ii) The reward paid to the owner of capital for the use of it is:

(a) interest (b) rent (c) wages (d) profit

(iii) The efficiency of labour in a country is raised most of all by:

(a) a larger population (b) longer working hours

(c) a fall in wage rates (d) better education, training and health

(iv) A movement of the buyer along the same demand curve is brought about by a change in:

(a) the income of the buyer (b) the taste of the buyer

(c) the price of the commodity itself (d) the price of a substitute

(v) The demand for salt by a household is:

(a) highly elastic (b) inelastic

(c) perfectly elastic (d) unitary in elasticity

(vi) If a seller raises the price of a commodity by 10 per cent and the quantity demanded falls by 10 per cent, the elasticity of demand is:

(a) zero (b) equal to one (c) greater than one (d) infinite

(vii) The supply curve of a commodity:

(a) rises from left to right (b) slopes downwards from left to right

(c) is a horizontal straight line in every case (d) is a vertical straight line in every case

(viii) A firm working under perfect competition is a price taker because:

(a) it produces too small a part of the total output to affect the price (b) the government fixes the price

(c) its product is different from that of the others (d) it spends heavily on advertising

(ix) The supply of electricity to the homes of a city by a single undertaking is an example of:

(a) perfect competition (b) monopolistic competition

(c) oligopoly (d) monopoly

(x) A bank creates credit when it:

(a) keeps the whole of every deposit in its vault (b) lends a part of its deposits and opens an account in the borrower's name

(c) prints currency notes (d) collects a cheque for a customer

(xi) The part of its deposits that a commercial bank must keep with the Reserve Bank of India is called the:

(a) statutory liquidity ratio (b) bank rate

(c) cash reserve ratio (d) margin requirement

(xii) Rationing and a system of fair price shops are a measure to control inflation on the side of:

(a) the supply of money (b) direct control over distribution

(c) taxation (d) wages

(xiii) A continuous fall in the general level of prices accompanied by falling output and rising unemployment is called:

(a) inflation (b) stagflation (c) reflation (d) deflation

(xiv) Mixing cheaper groundnut oil with mustard oil and selling it as pure mustard oil is an example of:

(a) adulteration (b) short weight

(c) a misleading advertisement (d) hoarding

(xv) A duty of every consumer is to:

(a) buy only the cheapest goods available (b) avoid asking questions about the goods

(c) read the label and check the date of expiry before buying (d) buy in bulk when a shortage is expected

Question 2 [10]

(i) Define labour as a factor of production and state two reasons why the mobility of labour in India is low. **[2]**

(ii) Distinguish between a contraction of demand and a decrease in demand. **[2]**

(iii) State two features of an oligopoly market. **[2]**

(iv) Explain what is meant by the bank rate and state how a rise in it affects the volume of credit. **[2]**

(v) Explain how inflation affects the saving habit of a household. **[2]**

Question 3 [15]

(i) Explain three ways in which the entrepreneur differs from the other three factors of production. **[3]**

(ii) A trader raises the price of a bicycle tyre from Rs 400 to Rs 480 and finds that his monthly sales fall from 150 tyres to 120 tyres. Calculate the price elasticity of demand and state whether the demand is elastic, inelastic or unitary. **[3]**

(iii) Explain three determinants of the supply of a commodity other than its own price. **[3]**

(iv) Explain, with an example, how a bank is able to create credit several times the amount of the cash it holds. **[3]**

(v) Explain three effects of inflation on the production and the distribution of wealth in a country. **[3]**

SECTION B (40 Marks)

Attempt any four questions from this Section.

Question 4 [10]

(a) Define land as a factor of production and state two of its characteristics. **[3]**

(b) Explain any three factors that determine the efficiency of labour. **[3]**

(c) Explain what is meant by capital formation and describe the three stages through which it takes place. **[4]**

Question 5 [10]

(a) Explain, with an example, the difference between an extension of demand and an increase in demand, and state the kind of change in the demand curve that each brings about. [3]

(b) Prepare a demand schedule of your own for a commodity at four different prices, draw the demand curve from that schedule, and state the relation between price and quantity demanded that your curve shows. [3]

(c) Explain, with one example of each, the three degrees of price elasticity of demand that lie between the perfectly inelastic and the perfectly elastic cases, and state why a seller must know the elasticity of demand for his product before he changes its price. [4]

Question 6 [10]

(a) Explain any three features of a market working under monopolistic competition. [3]

(b) State three conditions that allow a single seller to hold a market against rivals. [3]

(c) Explain four points of difference between an oligopoly market and a market working under monopolistic competition. [4]

Question 7 [10]

(a) Name and explain any three kinds of deposit account that a commercial bank offers. [3]

(b) Explain what is meant by a central bank and describe its function of issuing currency. [3]

(c) Explain any four selective methods of credit control used by the Reserve Bank of India. [4]

Question 8 [10]

(a) Explain any three causes of inflation that arise on the side of supply. [3]

(b) Explain three monetary measures by which inflation can be brought under control. [3]

(c) Explain two fiscal measures and two other measures, not monetary and not fiscal, by which a government can check a rise in prices. [4]

Question 9 [10]

(a) Explain any three duties of a consumer. [3]

(b) Explain what the following standardisation marks certify and name one product that carries each: the ISI mark, Agmark, the FSSAI mark. [3]

(c) Explain who may file a complaint before a consumer commission, state two matters about which a complaint may be filed, and give two reasons why many consumers in India do not take their complaints forward. [4]

ANSWER KEY AND MARKING SCHEME

Full working is given for every numerical. Marks shown in italics are the step marks an examiner would award. Accept any correct alternative wording that carries the same economic meaning, and accept any self made schedule and correctly drawn curve that shows the required relation.

Question 1 [15]

(i) (c) the diesel used by a tractor. It is used up in a single use and has to be bought again, while the tractor, the warehouse and the weighing machine are used over and over.

(ii) (a) interest. Interest is the price paid for the use of borrowed capital, rent being the payment for land, wages for labour and profit the residual reward of the entrepreneur.

(iii) (d) better education, training and health. A worker who is taught the work, trained in it and strong enough to do it turns out more and better work in the same hours.

(iv) (c) the price of the commodity itself. A change in the price of the good moves the buyer from one point to another on the same curve, while a change in income, taste or the price of a substitute shifts the whole curve.

(v) (b) inelastic. Salt is a necessity, the sum spent on it is a very small part of the household budget and it has no substitute, so the quantity bought hardly changes when the price changes.

(vi) (b) equal to one. Elasticity = 10/10 = 1, so the demand is unitary and the seller's total takings do not change.

(vii) (a) rises from left to right. A higher price makes production and sale more profitable, so a larger quantity is offered.

(viii) (a) it produces too small a part of the total output to affect the price. The firm must accept the price ruling in the market and can sell any quantity at it.

(ix) (d) monopoly. There is a single seller, the service has no close substitute, and the lines and the capital needed keep rivals out.

(x) (b) lends a part of its deposits and opens an account in the borrower's name. The borrower may then draw cheques on that account, so a fresh deposit has been created out of a loan.

(xi) (c) cash reserve ratio.

(xii) (b) direct control over distribution. Rationing and fair price shops do not touch money or taxes. They limit the quantity each household may buy and sell essential goods at a controlled price.

(xiii) (d) deflation.

(xiv) (a) adulteration. A cheaper substance has been mixed into the good, so the buyer does not get the quality he has paid for.

(xv) (c) read the label and check the date of expiry before buying. Buying in bulk when a shortage is expected adds to hoarding, and the other two options are not duties at all.

1 mark for each correct option. No marks are deducted for a wrong option.

Question 2 [10]

(i) Labour means any physical or mental work undertaken for a monetary reward, so the work of a mason, a clerk, a teacher and a doctor is all labour, while work done for one's own pleasure is not. The mobility of labour in India is low because family and caste ties, language and a reluctance to leave the village keep a worker where he is, and because a worker who has learnt only one trade, and often cannot read, has no training to take up another. The cost of housing in the towns and the lack of information about jobs elsewhere are also acceptable.

Definition 1. Two reasons for low mobility 1.

(ii) A contraction of demand is a fall in the quantity demanded that is brought about by a rise in the price of the commodity itself, every other thing remaining the same. The buyer moves upwards along the same demand curve. A decrease in demand is a fall in the quantity demanded at the same price, brought about by a change in some determinant other than price, such as a fall in income or the good going out of fashion. The whole demand curve shifts to the left.

Contraction explained as a movement along the curve 1. Decrease explained as a shift of the curve 1.

(iii) There are only a few sellers, each supplying a large part of the total output, so one seller's change of price or output is felt at once by the rest. The sellers are therefore interdependent, and each must consider how his rivals will answer before he acts, which is why prices in such a market tend to stay unchanged for long spells. Heavy advertising, a high barrier to entry and the possibility of the sellers coming to an understanding among themselves are also acceptable.

Two features, 1 mark each 2.

(iv) The bank rate is the rate of interest at which the central bank lends to commercial banks against eligible securities. When the bank rate is raised, funds cost the commercial banks more, so they raise their own lending rates. Borrowing becomes dearer, fewer borrowers come forward, and the volume of credit in the economy contracts.

Meaning of the bank rate 1. Effect of a rise, with credit contracting 1.

(v) Inflation discourages saving in the form of money. The sum a household puts by today will buy fewer goods when it is drawn out, so the saver loses even though the number of rupees has not changed, and the interest paid on a deposit may not cover the fall in purchasing power. Households therefore cut their saving and spend sooner, or they turn from bank deposits to gold, land and goods, which they expect to hold their value.

Saving in money loses value 1. Households save less or shift to goods, gold and land 1.

Question 3 [15]

(i) Reward: land, labour and capital are paid rent, wages and interest, which are fixed by contract and must be paid whatever happens, while the entrepreneur takes only what is left after all of them have been paid, and that may be a loss. Risk: the other three factors run no risk once their reward has been agreed, while the entrepreneur alone bears the risk and the uncertainty of the business. Function: land, labour and capital are the things organised, while the entrepreneur is the one who organises them, decides what to produce, how much and by what method, and hires and directs the rest.

Three points of difference, 1 mark each 3.

(ii) Change in price = Rs 480 – Rs 400 = Rs 80, a rise. Change in quantity = 150 – 120 = 30 tyres, a fall. Percentage change in quantity demanded = 30/150 x 100 = 20. Percentage change in price = 80/400 x 100 = 20. Elasticity of demand = 20/20 = 1. Since the value is exactly one, the demand for the tyre is unitary, the quantity demanded having changed in the same proportion as the price.

Percentage change in quantity 20 1. Percentage change in price 20 1. Elasticity 1 with the demand named unitary 1.

(iii) Cost of production: if the price of the raw material, the wage rate or the cost of power rises, each unit costs more to make, the margin on it falls and the producer offers less at the same price, so supply decreases. The state of technology: a better method or a new machine lowers the cost per unit and raises output from the same resources, so more is offered at every price. Prices of other goods the producer could make: if the price of wheat rises, a farmer who can grow either wheat or mustard shifts land to wheat, so the supply of mustard falls. Government policy on taxes and subsidies, the number of firms in the industry and the weather in the case of farm goods are also acceptable.

Three determinants, 1 mark each 3.

(iv) A bank finds from experience that only a small part of the money deposited with it is withdrawn in cash at any one time, so it need keep only that fraction as a reserve and may lend the rest. Suppose the required reserve is 20 per cent. A deposit of Rs 10,000 lets the bank keep Rs 2,000 and lend Rs 8,000, and the loan is not paid out in cash but credited to an account in the borrower's name, which is itself a fresh deposit. When the borrower pays a supplier by cheque, the money reaches another bank, which keeps Rs 1,600 and lends Rs 6,400. The process repeats, and the original Rs 10,000 of cash supports total deposits of Rs 10,000 divided by 0.20, that is Rs 50,000. In this way the banking system creates credit several times the cash it holds, and the multiple is set by the reserve ratio.

Only a fraction kept as reserve, the rest lent 1. The loan credited as a fresh deposit and passed on to other banks 1. Correct worked figure, deposits of Rs 50,000 on cash of Rs 10,000 at a ratio of 20 per cent 1.

(v) Effect on production: a moderate rise in prices widens the producer's margin, so investment, output and employment are encouraged, but a rapid rise makes costs uncertain, drives money into gold, land and stocks

of goods rather than into factories, and so harms production. Effect on distribution between classes: traders, industrialists and holders of goods and property gain, because the things they hold and sell rise in value, while wage earners, pensioners and holders of money claims lose, so inequality in the distribution of income widens. Effect on debtors and creditors: the debtor gains, since he repays the same number of rupees with money that buys less, and the creditor loses to the same extent. The harm done to exports, since home goods become dearer abroad, is also acceptable.

Three effects, 1 mark each 3.

Question 4 [10]

(a) In economics land means all the free gifts of nature that are used in production, not merely the soil, so it covers the surface of the earth, the rivers and seas, the minerals below the ground, the forests above it, the rainfall and the climate. Characteristics: land is a free gift of nature, nothing having been spent to produce it; its total supply is fixed and cannot be increased however high the rent offered; and it is immobile in the sense that a piece of land cannot be carried from one place to another, though its use can be changed. Differences in fertility from one plot to another are also acceptable.

Definition covering all the gifts of nature 1. Two characteristics, 1 mark each 2.

(b) Education and training: a worker who has been taught the work and trained in the use of the tools and the machines turns out more and better work in the same hours than an untrained one. Health and nourishment: a worker who is well fed, free of disease and properly housed can keep up a steady effort through the day, while a weak or ill worker tires early and works badly. Wages and the conditions of work: fair pay, reasonable hours, safety at the workplace and the prospect of promotion give the worker a reason to put his heart into the job, while poor pay and harsh conditions sap his willingness. The ability of the organiser and the quality of the machinery given to the worker are also acceptable.

Three factors, 1 mark each 3.

(c) Capital formation means adding to the stock of capital goods in a country, that is to its machines, tools, buildings, roads and stocks of raw materials, so that more can be produced in future than is produced now. It takes place in three stages. First, saving: households and firms must consume less than their income and set the remainder aside, which depends on the level of income and on the will and the power to save. Second, mobilisation of those savings: banks, insurance companies, post offices and the share market gather the small scattered savings of many households and bring them into one pool where they can be used. Third, investment: the savings so gathered are placed in the hands of producers, who spend them on building factories, buying machinery and putting up roads and plant, which is the actual creation of capital.

Meaning of capital formation 1. Saving 1. Mobilisation of savings through banks and other institutions 1. Investment in capital goods 1.

Question 5 [10]

(a) An extension of demand is a rise in the quantity demanded caused by a fall in the price of the commodity itself, every other thing staying the same. For example, when the price of onions falls from Rs 40 to Rs 30 a kilogram, a household that bought two kilograms a week buys three. The buyer moves downwards along the same demand curve, and the curve itself does not move. An increase in demand is a rise in the quantity demanded at the same price, caused by a change in something other than price. For example, the household's income rises, and at the unchanged price of Rs 40 it now buys three kilograms instead of two. The whole demand curve shifts to the right.

Extension explained with an example 1. Increase explained with an example 1. Movement along the curve against a shift of the curve 1.

(b) Any schedule of the candidate's own in which the quantity demanded rises as the price falls is acceptable. For example, for a notebook: at Rs 60 a household buys 2 a month, at Rs 50 it buys 4, at Rs 40 it buys 7 and at Rs 30 it buys 11. The price is marked on the vertical axis and the quantity on the horizontal axis, the four points are plotted and joined, and the curve obtained slopes downwards from left to right. The relation shown is an inverse one: the quantity demanded rises as the price falls and falls as the price rises, which is the law of demand.

Schedule of four prices with quantity rising as price falls 1. Axes labelled, points plotted and curve sloping downwards from left to right 1. Inverse relation stated 1.

(c) Relatively elastic demand, where elasticity is greater than one: the quantity demanded changes by a larger proportion than the price, as with a luxury such as an air conditioner, which many buyers put off buying when its price rises. Unitary elastic demand, where elasticity is exactly one: the quantity demanded changes in the same proportion as the price, so the total amount spent on the good does not change, as is roughly the case with a comfort such as a branded shirt. Relatively inelastic demand, where elasticity is less than one: the quantity demanded changes by a smaller proportion than the price, as with a necessity such as salt or a medicine a patient must take. A seller must know the elasticity for his product because the effect of a price change on his total takings depends on it. If demand is elastic, lowering the price raises his takings and raising the price lowers them, so he should cut the price to sell more. If demand is inelastic, raising the price raises his takings, since the quantity sold falls only a little. If elasticity is one, a change in the price leaves his takings as they were.

Relatively elastic with an example 1. Unitary with an example 1. Relatively inelastic with an example 1. Reason why the seller must know the elasticity before changing his price 1.

Question 6 [10]

(a) There is a large number of sellers and of buyers, but each seller is small enough for his own action to leave the market as a whole much as it was. The product is differentiated, not homogeneous: the goods sold by the different firms are close substitutes but are not identical, differing in brand, quality, design, packing or the service given with them, which is why each seller has a small circle of buyers attached to his own brand and some control over its price. Selling costs are heavy, because a seller can draw buyers away from rival brands only by advertising, publicity and salesmanship. Free entry and exit, and the downward sloping demand curve faced by each firm, are also acceptable.

Three features, 1 mark each 3.

(b) Legal protection: a patent, a copyright or a licence from the government may give one firm the sole right to make or sell the product, so no one else may enter. Control of the source of supply: a firm that owns the mine, the spring or the raw material from which the good is made can keep every rival out for want of material. The size of the capital needed and the economies of large scale production: where the plant, the lines or the network needed is so costly that one undertaking supplying the whole market can produce far more cheaply than two, a new entrant cannot match the price. A trade agreement among existing producers, and the absence of any close substitute for the product, are also acceptable.

Three conditions, 1 mark each 3.

(c) Number of sellers: an oligopoly has a few sellers, each large in relation to the market, while monopolistic competition has a large number of sellers, each small. Interdependence: in an oligopoly each seller must watch his rivals and consider how they will answer before he changes his price or his output, because a few large firms feel one another's action at once, while under monopolistic competition a seller may act on his own, since the effect on any one rival is too small to provoke an answer. Control over price: an oligopolist has considerable control, and prices in such a market often stay unchanged for long spells or move together, while under monopolistic competition control is slight, because a buyer who finds one brand dear turns to another. Entry: entry into an oligopoly is difficult, because of the capital needed and the hold of the existing firms, while entry into monopolistic competition is easy and firms come and go. The possibility of the sellers forming an agreement among themselves, which exists in an oligopoly and not under monopolistic competition, is also acceptable.

Four points of difference, 1 mark each 4.

Question 7 [10]

(a) Current account: a deposit repayable on demand, from which the holder may pay in and draw out as often as he likes by cheque, which suits a trader or a firm. Little or no interest is paid on it, and the bank may charge for keeping it. Savings account: a deposit meant for the small saver, on which the bank pays interest, with some limit on the number of withdrawals, so that the habit of saving is encouraged while the money stays within reach. Fixed deposit: a sum left with the bank for an agreed period and repayable only at the end of it, on

which the bank pays a higher rate of interest, since it knows for how long it may lend the money. The recurring deposit, in which a fixed sum is paid in every month for an agreed number of months and the total with interest is paid back at the end, is also acceptable.

Three kinds of account, each named and explained, 1 mark each 3.

(b) A central bank is the apex monetary institution of a country, which does not deal with the general public but guides, regulates and supervises the whole banking system, issues the currency and acts as banker to the government. In India this work is done by the Reserve Bank of India. Issue of currency: the Reserve Bank has the sole right to issue currency notes in the country, the one rupee note being issued by the Government of India, and the notes it issues are legal tender. It issues them against a reserve of gold and approved securities, keeps the notes in circulation uniform in design and quality, withdraws soiled and torn notes, and keeps the supply of currency in step with the needs of trade, since too much issue raises prices and too little holds back trade.

Meaning of a central bank 1. Sole right of note issue 1. Issue against a reserve, with the supply kept in step with the needs of trade 1.

(c) Margin requirement: the margin is the part of the value of a security that the borrower must find himself, the bank lending only the rest. By raising the margin on goods whose prices are rising, the Reserve Bank cuts the amount that can be borrowed against them and so checks speculative holding of those goods. Regulation of consumer credit: the Reserve Bank may order a larger down payment and a shorter period of repayment on hire purchase of consumer durables, which reduces the credit taken for buying them. Rationing of credit: the Reserve Bank may fix a ceiling on the credit a bank may give to a particular industry or trade, so that credit is kept away from the uses it wants to discourage and left for the ones it favours. Moral suasion and direct action: the Reserve Bank advises, persuades and writes to the banks on the lines on which they should lend, and where advice is not heeded it may refuse to rediscount their bills or deny them accommodation. Publicity of its views on the credit position is also acceptable.

Four selective methods, 1 mark each 4.

Question 8 [10]

(a) A shortfall in the output of goods: a poor harvest, a shortage of power or a stoppage in the factories leaves fewer goods on the market against an unchanged demand, so prices rise. A rise in the cost of production: dearer raw materials, higher wage rates, costlier fuel and transport, or a rise in the taxes levied on goods, all add to the cost of each unit, and the producer passes the increase on in his selling price. Hoarding and the holding back of stocks: traders who expect prices to rise keep goods off the market, and the supply actually available to buyers falls short of what has been produced. A faulty distribution system, a fall in imports and a heavy diversion of output to exports are also acceptable.

Three causes, 1 mark each 3.

(b) A rise in the bank rate: the central bank raises the rate at which it lends to the commercial banks, the banks raise their own lending rates, borrowing becomes dearer, fewer loans are taken and the purchasing power in the hands of the public is reduced. Sale of government securities in the open market: the central bank sells securities, buyers pay for them with cheques drawn on their banks, cash moves out of the banks to the central bank, and the banks are left with a smaller base on which to lend. A rise in the reserve ratios: by raising the cash reserve ratio or the statutory liquidity ratio the central bank forces the banks to lock up a larger part of their deposits, which leaves them less to lend and cuts the creation of credit. Raising the margin requirement on loans and the demonetisation or withdrawal of high value notes are also acceptable.

Three monetary measures, 1 mark each 3.

(c) Fiscal measures: a cut in government spending, particularly on works that are not urgent, which takes the government's own demand for goods and labour out of the market and so eases the pressure on prices; and an increase in taxation, direct taxes especially, which leaves the public with less income to spend, while a public borrowing drive or a small saving scheme draws surplus purchasing power out of the hands of the people. Other measures: an increase in production, by running the factories at fuller capacity, raising the output of farm goods and importing the goods that are short, which attacks the trouble at its source by putting more goods against the money in circulation; and direct control over distribution and prices, through rationing,

fair price shops, a ceiling on prices and action against hoarders and black marketeers, which makes sure that the goods available are shared out at a controlled price. A wage freeze and a hold on dearness allowance are also acceptable as another measure.

Two fiscal measures, 1 mark each 2. Two other measures, 1 mark each 2.

Question 9 [10]

(a) To ask for a cash memo or a bill for every purchase and keep it, since it is the proof needed if the goods turn out to be defective, short in weight or wrongly priced. To examine the goods before buying, reading the label for the quantity, the ingredients, the price, the date of manufacture and the date of expiry, and looking for the standardisation mark, instead of relying on what the advertisement or the shopkeeper says. To complain when the goods or the service are not what was promised, taking the matter to the seller and, if that fails, to the proper consumer forum, since a complaint that is never made leaves the seller free to treat the next buyer in the same way. Buying only what is needed rather than hoarding in a shortage, and forming consumer groups to act together, are also acceptable.

Three duties, 1 mark each 3.

(b) The ISI mark is given by the Bureau of Indian Standards and certifies that a manufactured article has been made to the Indian standard laid down for it and is safe and of the stated quality, for example an electric iron, a switch or a pressure cooker. Agmark certifies the grade and the quality of an agricultural or an allied product that has been graded under the government's grading scheme, for example honey, ghee, spices or wheat flour. The FSSAI mark, together with the licence number of the Food Safety and Standards Authority of India, certifies that a packaged food has been made and packed by a licensed unit under the food safety standards, for example packed biscuits, bottled drinking water or a packet of milk.

Three standardisation marks, each explained with one correct product, 1 mark each 3.

(c) A complaint may be filed by the consumer who bought the goods or hired the service, by any recognised consumer association, by the central or a state government, by one or more consumers on behalf of a group with the same interest, and by the legal heir of a consumer who has died. A complaint may be filed about a defect in the goods bought, about a shortcoming in a service hired, about the charging of a price higher than the price fixed by law or printed on the packet, about goods or services that are a danger to life and safety, and about an unfair or a restrictive trade practice such as a misleading advertisement. Many consumers do not take their complaints forward because they do not know that they have these rights or where to go with them, and because they think the delay, the trouble and the cost will come to more than the small sum involved, especially when they have thrown away the cash memo and have nothing to show.

Who may file a complaint 1. Two matters about which a complaint may be filed 1. Two reasons why complaints are not pursued, 1 mark each 2.