Expl India	lain the reasons for the significant increase in the price of rice in a.
Sug	gested answer:
Com Cont use	ation Analysis: mand word: Explain – elaboration of reasons with relevant examples ent: Significant increase (magnitude of change in price) → suggesting of elasticities / Use of demand/supply analysis or diagram ext: Market for rice in India
R2:	Explain demand and supply reasons for the increase in price Explain how the demand and supply reasons lead to the significant ease in price of rice.
seve	significant increase in the price of rice in India can be attributed to ral demand and supply reasons. It can also be attributed to the price sticity of its demand and supply.
R1: I	Explain demand and supply reasons for the increase in price DD : In 2022, there is post-pandemic economic recovery in most countries. As countries open their borders, travel restrictions eased and improvement in trade \rightarrow economic activities resumed, especially in food and beverage industry \rightarrow see a rise in demand for rice globally as well as in India, since rice is a staple and essential input in the food and beverage market SS : Due to poor monsoon rains (extreme weather conditions) \rightarrow lack of rainfall, an important factor input to rice crops \rightarrow this damaged crops, reduced yields, and led to lower rice output \rightarrow reducing supply of rice in India.
	Explain how the demand and supply reasons lead to the significant ase in price of rice. \Im
	P2 P1 Shortage dd1 dd1

- The increase in the demand and fall in supply of rice will lead to a significant shortage of rice at the original price level. With a huge shortage, this will lead to significant increase in prices of rice in India to clear the shortage.
- As seen from the diagram, the increase in demand and fall in supply creates a significant shortage.
- As a result of a huge shortage of rice in the market, prices will have to increase significantly from P1 to P2 to clear the shortage in the market.
- 2. Elasticity
 - The demand for rice is price inelastic as it is a staple food in India and therefore a necessity.
 - The supply of rice is price inelastic as well as rice has a long gestation period.
 - The fall in supply and rise in demand has led to a shortage at the original price level. Given that both PED and PES of rice are likely to be low, quantity demanded and quantity supplied will not be responsive to price changes. Hence to eliminate the shortage of rice caused by the rise in demand and fall in supply of rice, price must increase significantly.

In conclusion, the significant increase in the price of rice in India is the result of an interplay of factors.

Markers' Comment:

- Question requirement:
 - Majority of answers understood the need to explain both demand and supply factors but only a handful recognised that the 2nd requirement which required them to explain the extent of increase in price.
- Tools of analysis:
 - Majority were able to apply price mechanism (dd/ss analysis).
 - A few answers used AD/AS analysis to analyse the impact on prices. This is inaccurate as the question focuses on the market for rice and hence not acceptable.

- Content:

- All answers were able to identify the direction of change in demand and supply accurately, i.e. supply fell and demand rose.
- However, a handful of answers were not able to elaborate on the reasons for the rise in demand (i.e. answers merely stated

	 that demand has increased based on the pre-amble) → This has resulted to most answers attaining a cursory grade. Most answers were able to recognise that poor monsoon rainfall will result in lower crop yield, reducing supply of rice. Some attributed the increased in demand to changes in the consumers' taste and preferences. However, this is a weak reason as rice has always been part of the people's diet in India. It is unlikely that taste and preferences have changed, resulting in an increase in the demand for rice. Also, some explained the rise in demand is due to rice being a staple. However, this would explain the PED value (i.e. demand is price inelastic) and not the reason for an increase in demand. Most answers were not able to explain clearly why prices of rice has increased significantly. Even when elasticity concepts were applied, these concepts were explained without any application (i.e. answers accurately explained that demand for rice is price inelastic as it is a necessity or a staple, without showing how this concept can be used to explain the significant increase in price). A well-elaborated answer would explain that because quantity demand is not responsive to the price increase, prices would need to increase significantly to clear the shortage in the market. Besides, students tend to apply the wrong elasticity concept. I.e. applying PED when demand increased / applying PES when supply decreased. Very few answers explained the significant rise in price of rice using the reinforced effect. Quite a handful of students did not explain that the fall in supply and rise in demand will result in a "shortage" in the market,
	resulting in price to rise. Rather, answers described the rise in price via the diagram, lacking analysis.
Mark Sol	cheme: edge, Understanding, Application, Analysis
L3	Analysis & Application 8-10
	For an analytical answer that addresses the question thoroughly with clear explanation well supported by tools of analysis , such as demand supply analysis and diagram. The demand and supply reasons as well as how prices rise significantly is clearly explained.
	There is good ability to organise ideas or discriminate between relevant and irrelevant factors. Answer is well-focused on question.

	For an answer understanding	Understanding that demonstrates an accurate known of economic concepts, theories demand and supply analysis _3:			
	Annotation	Description	Mark		
	A + A	Analytical explanations for 2 question requirements	10		
	A + C + K	1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant	9		
	A + C	1 analytical and 1 cursory explanation for 2 question requirements	8		
L2	question and e Answers may b not supported or is incomple [Or	developed answer that attempts to explain why prices of rice increased be descriptive, lack an analytical ap with tools of analysis, incomplete us tely explained with gaps in analysis.	l significa oproach e of diag	antly. (e.g. jram)	5-7
		ed analytical answer that address of equirements.	nly one c	of the	
	context of the or discriminate has some relev pre-learnt answ	that is supported with some appli question. There is limited ability to o between relevant and irrelevant mate vance to the question context but is ver that is not focused on addressing addresses only selected parts of the	rganise i erials. An generic i the que	deas iswer (e.g. estion	
	Knowledge &	Understanding			

and understa	er that demonstrates largely accurate kn anding of economic concepts, theories r no major conceptual errors).	
Marks within	L2:	
Annotation	Description	Mark
A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7
С+С+К	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7
C + C	Cursory explanations for 2 question requirements	6
A + 0	1 analytical explanation for 1 question requirement	6
K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6
K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5

errors Marks K=1 -	within Fo Un tha Un	L1: T basic and unexplained knowledge, e explained statement or definition of a c at showed some correct knowledge b derstanding	e.g. an oncept out no	
K=2 -	un the	r some additional explanation that sho derstanding of the concept that is not app e context of question but show limited know d understanding	olied to	
Anno	tation	Description	Mark	
C	+ 0	One cursory explanation for 1 question requirement	4	
	+ K	Knowledge and understanding of 2 question requirements	4	
ĸ	+ K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3	
	+ K + 0	Knowledge of 2 question requirements Knowledge and understanding of 1	2 2	
ĸ	+ 0	question requirement Knowledge of one question requirement	1	
	0	Nothing of relevance in the answer	0	

	uss the measures that the Indian government may adopt to lise the domestic price of rice in India.
<u>Sugg</u>	ested answer:
Comm	ion Analysis: nand word: Discuss – appropriateness of at least 2 measures that the Indian nment may adopt to reduce price of rice
-	demand/supply analysis / analysis on export ban / measures to stablilise supply to prevent prices from rising significantly Stabilise prices → ensure prices do not fluctuate or rise too significantly Measures to stabilise prices aims to prevent supply from falling too much or demand from rising too much or to increase the values of PED/PES xt: rice market in India
1. 2. 3. 4.	ble policies: Export ban Subsidies (on FOP) to increase production Subsidies (on methods of production) to prevent supply fluctuations Grant / subsidies for R&D and innovation to ensure resilience in the rice crops to prevent supply fluctuations Price Ceiling
policy	Explain export ban + limitations <i>(for markers to note: to accept any</i> /) xplain any 1 alternative policies + limitations
R1: E - -	xplain how export ban works to stabilise prices and its limitations Export ban involves the government putting a ban on the export of rice, reducing global supply of rice → to increase domestic supply of rice in India The increase in supply of domestic supply of rice will create a surplus at the original price level → resulting in a downward pressure on
-	prices Demand for rice in India is likely to be price inelastic as it is a staple food and essential input in the food and beverage industry \rightarrow any change in price will lead a less than proportionate change in qty demanded \rightarrow hence, prices of rice in India will fall significantly to clear the surplus \rightarrow effective in preventing a significant rise in price of rice in India
-	 Limitations: o Export ban may result in a fall in revenue for rice producers due the price decrease I decrease in price will lead to a less than proportionate increase in qty demand → reducing total revenue

 For firms that rely heavily on export market will also experience a greater fall in revenue due to the export ban Given the above, firms may find loopholes to continue selling rice illegally overseas, smuggling through illegal trade route → rendering this policy ineffective to raise domestic supply of rice. India may face a fall in export revenue → fall in (X-M) → causing a decrease in AD → fall in RNY / rise in cyclical unN. BOT also worsens.
 EV: Export ban temporarily increase domestic supply to stabilise prices but is not a long-term solution. An export ban addresses symptoms rather than underlying causes of price increases, such as poor infrastructure, inefficient supply chains, or climate-related production shortfalls. Without addressing these root causes, prices may remain volatile or rise again after the ban is lifted.
 Export ban may create more problems for India as it leads to global supply of rice to fall, raising global price of rice, which may lead to retaliation from trading partners → harming future export opportunities. Hence, though export ban to some degree is effective to stabilise prices, it is at best only a short-term measure.
 R2: Explain how an alternative policy works to reduce prices and its mitations (investing in R&D and infrastructure) India can stabilise the price of rice by reducing the impact of climate change on the supply of rice The government could invest in improving crop resilience through investing in agricultural technology and improving agricultural infrastructure. i.e. Indian government could give grants for firms to innovate to create improved seed variety that are high-yielding, drought resistant, or even pest resistant. I.e. Indian government could also invest in climate-resilient infrastructure such as flood control system, improved drainage system, better irrigation system and water management system to ensure reliable water supply for the crops. This could ensure stable supply of rice despite changes to weather conditions → supply may not vary too significantly in times of adverse weather conditions → resulting in price stability
 Such precision farming as well as expanding storage facilities, improving capacity could also ensure that quantity supplied of rice is more responsive to a price increase → increasing the value of PES

(supply more price elastic) \rightarrow this would prevent huge changes to prices when demand changes.

- Limitations:
 - This policy could potentially drain the government's budget, worsening deficit and may result in rising debt for the government. The high cost could mean this policy may not be sustainable in the long run if the government may not have enough funds to support these efforts.
 - In addition, R&D requires a long timeframe to develop results. The process of developing, testing, and commercialising new seed varieties or irrigation technologies can take several years, if not decades. This long timeline means that the benefits may not be realised in the short term, delaying the impact on rice production → unable to stabilise prices in the short run.
 - Many farmers may be unaware of new technologies or resistant to adopting them due to a lack of understanding or mistrust in unproven methods. This can slow the spread of innovations, limiting their impact.
 - Even when new seeds or irrigation systems are developed, they may be too expensive for small and marginal farmers to afford, leading to low adoption rates. The benefits of R&D might primarily reach larger, wealthier farms, exacerbating inequalities in the rice market.
 - In many rural areas, the lack of proper infrastructure, such as roads and distribution networks, hampers the availability and accessibility of new seeds and irrigation technologies. This limits the reach of R&D innovations to remote and underdeveloped regions.
 - Advanced irrigation infrastructure requires regular maintenance and skilled labor for operation. Without proper maintenance, these systems can quickly deteriorate, leading to inefficiencies and reduced effectiveness.
- EV:

 The above measures address critical issues in rice production and food security. However, its effectiveness depends on addressing the challenges associated with R&D, ensuring equitable access to new technologies, and providing the necessary support for widespread adoption. To enhance the policy's impact, it would be beneficial to include complementary measures such as **subsidies or financial support** for small and marginal farmers to access new technologies, **farmer education** to promote the adoption of innovations, **monitoring and evaluation mechanisms** to track the effectiveness of implemented technologies and adjust as needed.

 By addressing these aspects, the policy can be more inclusive, effective, and sustainable, making it a strong component of India's agricultural strategy.

In conclusion, the Indian government can adopt a multifaceted approach to stabilise domestic rice prices, combining immediate interventions with long-term strategies. While short-term measures such as export ban can provide quick relief, structural improvements in agricultural practices and infrastructure are crucial for sustainable price stability. The success of these measures depends on effective implementation, coordination among stakeholders, and continuous monitoring of market conditions.

Markers' Comment:

- Question requirement:
 - Majority of answers understood the need to explain at least 2 policies with limitations.
 - Answers also understood the need to have an evaluative comment on the appropriateness of the policies.
 - All answers did not show understanding of what it meant to stabilise prices. I.e. students analysed how the policies will lead to a fall in prices instead of how prices will be stabilised. Fall in prices was accepted as an accurate analysis but students should be aware that stabilising of prices is different from reducing prices.

- Content:

- Common policies mentioned: 1) Subsidies, 2) Price Ceiling, 3) Innovation to increase supply, 4) Export Ban
- Though most answers were able to provide relevant policies, the depth of elaboration varies.
- **Price Ceiling** was better explained, showing how government could set a price below the equilibrium price to stabilise prices. Diagrams were mostly accurately drawn as well. Limitations were also well explained. Common limitation included the emergence of black markets (due to the shortage created) where rice may be sold at an even higher price.
 - Only a few explained price floor instead of ceiling.
- <u>Subsidies</u> was commonly brought up as a policy, explaining, how government may provide rice producers with subsidies to reduce COP to increase supply, to reduce the price of rice. However, it is not well-elaborated with relevant examples that are applicable to the context.

	 Answers should provide an example of what can be 	
	subsidised, i.e. government could subsidise irrigation	
	methods to reduce cost of adopting irrigation to ensure	
	supply of rice is resilient to weather changes, preventing	
	a fall in supply due to poor monsoon rainfall, stabilising	
	prices or	
	 subsidies on factor inputs such as seeds, fertilisers etc. 	
	can reduce COP, increasing supply.	
	 Answers generally lack such examples, earning only a 	
	cursory grade.	
0	Limitations of subsidies were also very generic, explaining	
Ŭ	how subsidies may drain the government's budget, and	
	incurring opportunity costs. Examples and elaboration were	
	often lacking, i.e. what are the opportunity costs and what is	
	the impact of a drain in budget.	
	Export Ban was more uncommonly used. Some answers were	
0	able to explain how export ban will lead to an increase in supply	
	of rice in India, while some inaccurately explained how export	
	ban will lead to decrease in demand instead as external	
	demand for rice has fallen. This led to inaccurate analysis of	
	the policies. Limitations centred around how export revenue	
	will fall for India and countries may retaliate, which are	
	acceptable.	
0	Very few answers were able to provide a long-term solution	
	such as investing in R&D to develop weather resilient rice	
	crops to prevent supply from fluctuating due to changes in	
	weather conditions. Even if some did, they were not able to	
	provide sound and well develop analysis and mostly	
	descriptive. Limitations are also mostly generic, i.e. time-lag as	
	well as drain on government's budget.	
0	Some irrelevant policies were brought up such as 1) taxes on	
	rice, 2) subsidies on the consumption of rice, 3) public	
	education on alternatives. These policies were not accepted.	
	Taxes on rice will only further increase the price of rice	
	instead of stabilising the prices	
	 Subsidies on the consumption of rice will lead to 	
	increase demand, fuelling price increase	
	 Public education / subsidies on alternatives to rice, 	
	though logical, may not be too feasible as rice is a staple	
	in India. If explained logically, these answers may be	
	awarded a "k".	
- Evalu	ative comment:	
	Most answers scored around 1-2 marks for evaluations.	
	Evaluation lack elaboration to justify their conclusion	

L3 Analysis	Unders	tanding, Application, Analysis			
For an a clear ex demand There is relevant with the principle	nalytica cplanatio and sup s good t and irre e good es.	Dication I answer that addresses the question the on well supported by tools of analy oply analysis and diagram. ability to organise ideas or discrimin elevant factors. Answer is well-focused use of relevant economic concepts in to the context of the question.	rsis , su nate be i on qu e	etween estion	8- 10
	anding		•		
Annota A +	A A	Description Analytical explanations for 2 question equirements	Mark 10	-	
A + C	fe e	analytical and 1 cursory explanation or 2 question requirements and an explanation of additional factor that is elevant	9		
A +	-	analytical and 1 cursory explanation or 2 question requirements	8		
		lication		ss the	5- 7

For an answer understanding	Understanding that demonstrates largely accurate knowle of economic concepts, theories related to ad cost analysis and diagram (i.e. no major co	question,	
Annotation	Description	Mark	
A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7	
С+С+К	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7	
C + C	Cursory explanations for 2 question requirements	6	
A + 0	1 analytical explanation for 1 question requirement	6	
K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6	
K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5	
Marks within L			0-
For an answer of relevant ecol definitions). Fe explained. Ans demonstrates t	Understanding that shows limited knowledge and under nomic concepts and theories (e.g. basic deso w valid points made which are scant and inac wers are mostly irrelevant and inaccurate hat the meaning of question is not properly g sic errors of theory.	cription or dequately . Answer	4

Annotation	Description	Mark
C + 0	One cursory explanation for 1 question requirement	4
K + K	Knowledge and understanding of 2 question requirements	4
K + K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3
K + K	Knowledge of 2 question requirements	2
K + 0	Knowledge and understanding of 1 question requirement	2
K + 0	Knowledge of one question requirement	1
0	Nothing of relevance in the answer	0

Evaluation detailed marking guide

Note:

A **well-explained evaluative judgement** should be supported by arguments presented in the answer <u>and</u> is linked to the context of the question.

An evaluative statement is a judgement that is not supported by arguments presented in the answer or not linked to the context of the question, e.g. pre-learnt evaluative statement.

Level		Mark
E3	Well-explained evaluative judgements about 2 requirements PLUS a summative conclusion	5
E2	Well-explained evaluative judgements about 2 requirements	4
E2	A well-explained evaluative judgement about 1 requirement + an evaluative statement for the second requirement PLUS a summative conclusion	4
E2	A well-explained evaluative judgement about 1 requirement + an evaluative statement for the second requirement	3
E1	A well-explained evaluative judgement about 1 requirement OR evaluative statements for 2 requirements	2
E1	An evaluative statement for 1 requirement	1
E0	No attempt at Evaluation	0