INDIAN SCHOOL AL WADI AL KABIR

ASSESSMENT- I -2022-23

SET -2-ANSWER KEY

Class: XI   ECONOMICS (030)   M.M: 80

General Instructions: -

1) *All questions in both the sections are compulsory.*

2) *Marks for questions are indicated each.*

3) *All parts of a question should be answered at one place.*

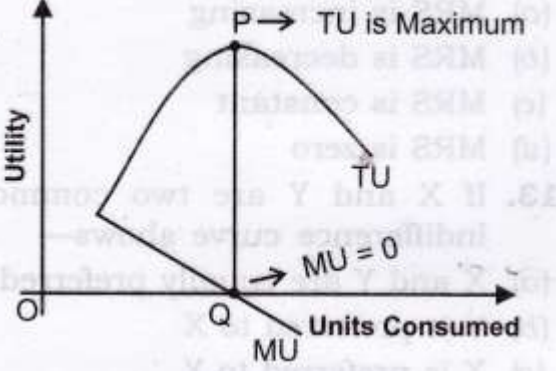|	SECTION A: STATISTICS	
1	A: a	1
2	The person who works for others for remuneration is called service provider.	1
3	A: b	1
4	plural	1
5	Secondary data	1
6	A: d	1
7	In which each and every item of the universe has equal chance of being selected.	1
8	A: a	1
9	A: b	1
10	Inclusive	1
11	Quantitative data refers to any information that can be quantified, counted or measured, and given a numerical value. Eg: price, income Qualitative data is descriptive in nature, expressed in terms of language rather than numerical values. Eg: beauty, health	3
12	The following are the marks obtained by 30 students of Class XII in Economics. 15, 20,0,8,24,10,12,5,16,28,8,14,4,18,26,7,16,7,19,25,6,18,9,20,29,11,13,17,0,4 Prepare a frequency distribution with a class interval of 5 on exclusive basis.	3

Frequency Distribution

Marks	Tally Bars	Frequency (f)
0–5	||||	4
5–10	N||| ||	7
10–15	N|||	5
15–20	N||| ||	7
20–25	|||	3
25–30	||||	4
		$\sum f = 30$

13	**Answer Key:** 1. Secondary Data 2. Questionnaire 3. Pilot survey 4. All of these	4
14	a. chronological b. Spatial c. Quantitative d. Qualitative (Explain)	4
15	Numerical facts systematically collected. Functions: a. quantitative expression of facts b. simplification of complex data c. facilitates comparison d. helps in corelating data (Explain)	4
16	(table below)	3+3

Census Method	Sampling Method
The extensive enquiry is conducted at each and every unit of the population.	The limited enquiry is conducted as only a few units of the population are studied.
More Time, Money, and Labour It requires a large amount of money, time, and labour.	Less Time, Money, and Labour Relatively less money, time, and labour are required.
It is more suitable if the population is heterogeneous in nature.	It is more suitable if the population is homogeneous in nature.
The results are quite reliable and accurate under the census method.	The results of the sampling method are less reliable because a high degree of accuracy is not achieved.
It is very difficult to organise and supervise the census method.	The sampling method is comparatively easy to organise and supervise.

b. Merits:
Least expensive • Only method to reach remote areas • No influence on respondents • Maintains anonymity of respondents • Best for sensitive questions
Demerits:

	• Cannot be used by illiterates • Long response time • Does not allow explanation of unambiguous questions • Reactions cannot be watched.		
17	a. Marks: 0-4 4-8 8-12 12-16 16-20 Tally bars: Frequency: 1 9 11 2 2 Total: 25 b. Frequency Array refers to classification of data for a discrete variable. It classifies the data which is not a continuous one. Marks: 11 12 14 16 17 18 20 Tally bars: Frequency: 3 1 4 2 5 1 4 Total: 20	6

SECTION B: MICRO ECONOMICS

Qn No	Ans S
18	Answer: It is scarcity of resources.

19	Which of the following is a part of microeconomics?
	
	    a. Factor pricing
	    b. National income
	    c. Both a and b are correct
	    d. Both a and b are incorrect
	
	    Answer: a

20	The statement 'rich people are taxed more is an example of _____ economic analysis. Answer: positive
21	It is the graphical representation of different combinations of the two goods which an economy can potentially produce i.e. with full and efficient utilization of the given resources and the technology.
22	If a point falls inside the production possibility curve, it indicates that there is adequate employment in the economy. True or false?

	A: False
23	c
24	Consumer's equilibrium refers to a situation wherein a consumer gets maximum satisfaction from the purchase of the commodity with the given income.
25	As quantity of a commodity increases, MU decreases.
26	rational
27	
28	A: Refer to the diagram below: Because of unemployment the economy functions at point X. When Government brings in new employment programmes, there will be no change in PPC. But the economy will try to move to points A, B or C in the following diagram.
29	$TU = MU1 + MU2 + MU3 + \text{————} +$ $MUN = \Sigma MU$
30	a. False: A PPF represents different combinations of two commodities that can be produced with the help of available resources in an economy. If an economy decides to produce a larger quantity of one commodity, it would be left with lesser resources to produce another commodity. A downward sloping curve represents this relationship. b. True: Country's PPF will shift to the left; this will be due to the fact that the country's capacity to produce will get reduced.
31	In case of free chocolates, consumer will carry on the consumption till his total utility is maximum. It means, till the additional chocolates gives positive satisfaction, consumer will keep on having chocolates.

32	
	When MU decreases, TU increases at a diminishing rate. (As shown in figure till consumption level OQ).

2. When MU is zero, TU is constant and maximum at P.

3. When MU is negative, TU starts diminishing. |
| 33 | a.i. What to produce: means what goods and services to be produced and in what quantities. Eg. The finance minister has to decide that out of the given resources how much to allocate to defense and how much to civilian goods.
ii. How to produce: means what technique of production should be employed. A given quantity of good can be produced by different techniques. The techniques are classified into labour intensive and capital intensive techniques. Eg. The problem before NITI Ayog is to employ more labour or more capital.
iii. For whom to produce: means the problem of distribution or how the goods produced should be distributed among various sections of the society. The Government has to decide whether with the given resources, it should produce more Luxury villas or more low cost hutments.

1. **What is a market (capitalist) economy?**
a. It is a free economy in which economic activities are controlled by the forces of demand and supply.

2. **What is a centrally planned (socialist) economy?**
a. It is an economy in which economic activities are controlled by the central authority or the Government.

3. **What is a mixed economy?**
a. It is an economy in which economic activities are governed by the market forces but are regulated by the central authority or the Government. (Most modern economies are mixed economy). |
| 34 | a. Assumptions of Law of Diminishing Marginal Utility (Any 2) |

(i)Cardinal measurement of utility.

(ii)Price of the good remain constant.

(iii) Income of the consumer do not change,

b.

Units	Total Utility	Marginal Utility
1	12	12
2	18	6
3	22	4
4	24	2
5	24	0
6	22	-2

c.

Notice that MU_3 is less than MU_2. You may also notice that total utility increases but at a diminishing rate: The rate of change in total utility due to change in quantity of commodity consumed is a measure of marginal utility. This marginal utility diminishes with increase in consumption of the commodity from 12 to 6, 6 to 4 and so on. This follows from the law of diminishing marginal utility. **Law of Diminishing Marginal Utility** states that marginal utility from consuming each additional unit of a commodity declines as its consumption increases, while keeping consumption of other commodities constant.
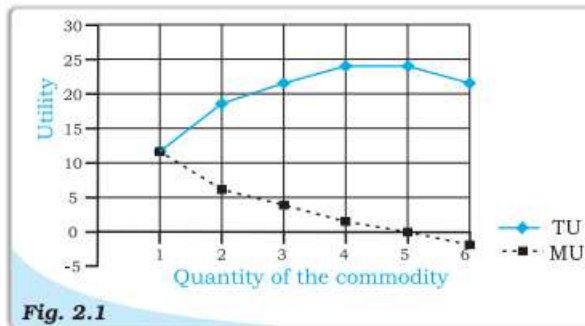

Fig. 2.1

The values of marginal and total utility derived from consumption of various amounts of a commodity. The marginal utility diminishes with increase in consumption of the commodity.

MU becomes zero at a level when TU remains constant. In the example, TU does not change at 5th unit of consumption and therefore $MU_5 = 0$. Thereafter, TU starts falling and MU becomes negative.