



Date:13.09.23 GRADE: XI	SAMPLE QUESTION PAPER- TERM 1(2023-24) ECONOMICS- answer key	Max marks: 80 Time: 3 Hours
----------------------------	--	--------------------------------

**General Instructions:**

- \*There are 34 questions in the question paper
- \*All questions are compulsory

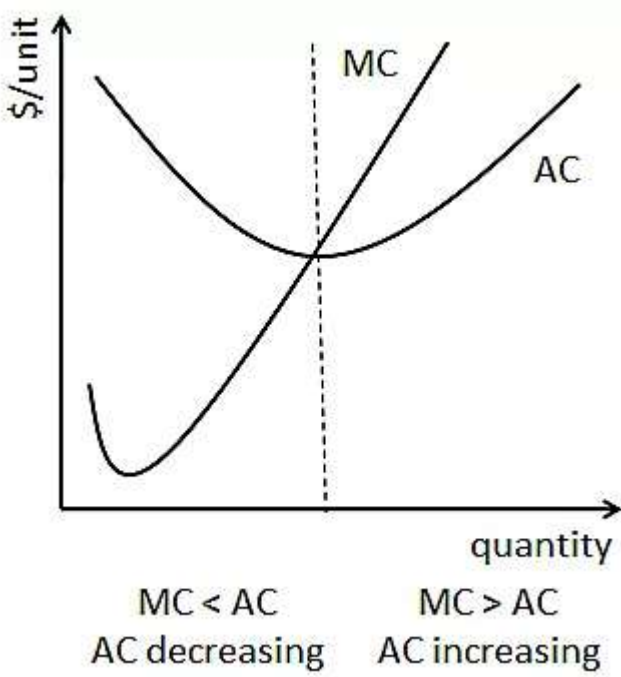
Qn. No	SECTION A	Marks allocated
1	Which of the following are the limitations of statistics a. Study of numerical facts only b. Study of aggregates only c. Results are true only on an average <b>d. All of the above</b>	1
2	Define production Production is the process of producing goods and services to satisfy human wants. The product is the result of the process. The four factors of production are land, capital, labour, and organisation.	1
3	In random sampling a. Each element has equal chance of being selected b. Each element has unequal chance of being rejected c. Each element has equal chance of being rejected <b>d. Both a and c</b>	1
4	Non-sampling errors are related to collection of data( <b>True</b> /False)	1
5	Census method is suitable for that investigation in which a. The size of population is large b. High degree of accuracy is not required <b>c. There are widely diverse items</b> d. Intensive examination of diverse items is not required	1

6	For drawing lottery----- sampling is used  <b>a. Random</b> b. Purposive c. Stratified d. quota	1
7	Personal bias is possible under  a. Random sampling <b>b. Purposive sampling</b> c. Stratified sampling d. Quota sampling	1
8	Data collected for the first time from the source of origin is called  <b>a. Primary data</b> b. Secondary data c. Internal data d. External data	1
9	The data collected on the height of a group of students after recording their heights with a measuring tape are  <b>a. Primary data</b> b. Continuous data c. Discrete data d. Secondary data	1
10	Read the following statement given below and choose the correct alternative  (a) Assertion - Statistics is life line of economics (b) Reason - Statistics helps to establish various statistical relationships <b>A. Both assertion and reason is true and reason is the correct explanation of assertion</b> B. Both assertion and reason is true and reason is not the correct explanation of assertion C. Assertion is true but reason is not D. Reason is true but assertion is not	1
11	Distinguish between sampling and non-sampling error.	3

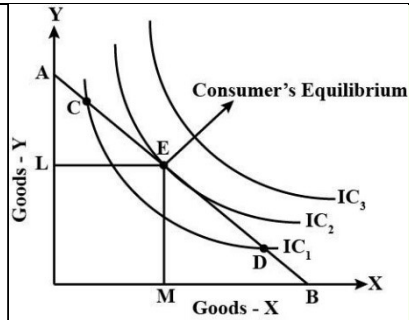
	<p>Sampling error takes place when the sample selected does not represent the population. When larger part of the population is taken this error can be reduced, but this error cannot be completely eliminated.</p> <p>Non-sampling error takes place not because of the sample selected but error in entering the record, clerical error , non- response or incorrect response</p>	
12	<p>Write three demerits of census method.</p> <p>It cannot be used when the population is very large, time consuming , expensive</p>	3
13	<p>Write briefly about the methods of sampling.</p> <p>The two main methods of sampling are random and non-random sampling. In case of random sampling any item as equal chance of being selected or rejected.eg.Lottery</p> <p>In case of non-random sampling personal bias occurs</p>	3
14	<p>Distinguish between primary and secondary sources of data</p> <p>Primary sources are first hand information, original, clarity, time consuming and expensive.</p> <p>Secondary sources are second hand information, not original, no clarity , less time consuming and inexpensive</p>	4
15	<p>What is the importance of Statistics in Economics?</p> <p>The field of Statistics deals with collection, organisation, analysis, interpretation and presentation of data. Statistics plays a vital role in understanding economic data such as the relationship between the quantity and price, supply and demand, economic output, GDP, per capita income of nations etc.</p>	4
16	<p>Distinguish between census method and sampling method.</p> <p>Census- each item studied, suitable for small population, suitable for diverse population, time consuming and expensive</p> <p>Sampling method- a part of population studied, suitable for large population, suitable for homogenous population, less time consuming and inexpensive</p>	4

17	<p>Explain the merits of Census method.</p> <p>Details of each and every item can be obtained</p> <p>Suitable for small size of population</p> <p>It is accurate and reliable</p> <p>Suitable for heterogenous population</p>	6
SECTION B		
18	<p>Law of variable proportion explains three stages of production. In the first stage of production</p> <p style="padding-left: 40px;"><b>a. Both MP and AP rise</b></p> <p style="padding-left: 40px;">b. MP rises</p> <p style="padding-left: 40px;">c. AP falls</p> <p style="padding-left: 40px;">d. MP is zero</p>	1
19	<p>To which factor economic problem is basically related to</p> <p style="padding-left: 40px;"><b>a. Choice</b></p> <p style="padding-left: 40px;">b. Consumer's selection</p> <p style="padding-left: 40px;">c. Firm selection</p> <p style="padding-left: 40px;">d. None of these</p>	1
20	<p>Law of diminishing return operates in the long run (True/<b>False</b>)</p>	1
21	<p>Which of the following is not fixed cost?</p> <p style="padding-left: 40px;">a. Insurance premium</p> <p style="padding-left: 40px;">b. Interest</p> <p style="padding-left: 40px;"><b>c. Cost of raw material</b></p> <p style="padding-left: 40px;">d. Rent of the factory</p>	1
22	<p>Production possibility curve is</p> <p style="padding-left: 40px;"><b>a. Concave to the axis</b></p> <p style="padding-left: 40px;">b. Convex to the axis</p> <p style="padding-left: 40px;">c. Parallel to the axis</p> <p style="padding-left: 40px;">d. Vertical to the axis</p>	1

23	<p>Which of the following explains the short run production function</p> <p>a. Law of demand  <b>b. Law of variable proportion</b>  c. Returns to scale  d. Elasticity of demand</p>	1
24	<p>Which of the following is correct?</p> <p>a. <math>TVC=TC-TFC</math>  b. <math>TC=TVC-TFC</math>  <b>c. <math>TFC=TVC+TC</math></b>  d. <math>TC=TVC*TFC</math></p>	1
25	<p>What happens when the production is shut down?</p> <p>a. Fixed cost increases  b. Variable cost decline  <b>c. Variable cost becomes zero</b>  d. Fixed cost becomes zero</p>	1
26	<p>State the law of demand.  When the price of a commodity increased demand decreases and vice-versa</p>	1
27	<p>State the mathematical presentation of the production function.  The general production function formula is:  <b><math>Q= f (K, L),</math></b>  Here Q is the output quantity,  L is the labor used, and  K is the <b>capital invested</b> for the production of the goods.</p>	1
28	<p>Distinguish between positive and normative economics</p>	3

	<p>n economics, a positive statement is one that attempts to assess an objective reality without making a value judgment. For example, a study on rental costs would be an normative economics.</p>	
29	<p>Distinguish between microeconomics and macroeconomics.</p> <p>Microeconomics- study of part of economy, derived from Greek word micro, worms view of economy, family budget, income of a person are examples , founder-Alfred Marshall</p> <p>Macroeconomics- study of economy as a whole, derived from Greek word macros, birds view of economy, GDP and aggregate demand are examples founder- J M Keynes</p>	3
30	<p>State the relationship between marginal and average cost with suitable diagram.</p> <p>the average cost declines, the marginal cost is less than the average cost. When the average cost increases, the marginal cost is greater than the average cost. When the average cost stays the same (is at a minimum or maximum), the marginal cost equals the average cost.</p> 	3
31	<p>Explain the law of variable proportion with suitable reasons</p> <p>As per the law of variable proportions, the changes in TP and MP can be categorised into three phases:</p> <p><b>Phase 1:</b> TP rises at an increasing rate, and MP increases.</p> <p><b>Phase 2:</b> TP rises at decreasing rate, MP decreases and is positive.</p>	4

	<b>Phase 3:</b> TP falls, and MP becomes negative.	
32	<p>Explain why does an economic problem arise?</p> <p>Scarcity of resources Wants are unlimited Resources have alternate uses</p>	4
33	<p>a. What is Budget line?</p> <p>b. Explain the shift in budget line due to change in income</p> <p>a. The budget line, also known as the budget constraint, exhibits all the combinations of two commodities that a customer can manage to afford at the provided market prices and within the particular earning degree. The budget line is a graphical delineation of all possible combinations of the two commodities that can be bought with provided income and cost so that the price of each of these combinations is equivalent to the monetary earnings of the customer.</p> <p>b. <b>Shift due to change in income:</b> Change in income makes a huge difference that leads to a change in the budget line. High income means high purchasing possibility and low income means low purchasing potential, making the budget line to shift.</p>	4
33	<p>Explain the conditions of the consumer's equilibrium under indifference curve approach with suitable diagram.</p> <p><b>Consumer's equilibrium refers to a situation when a consumer maximises his satisfaction, spending his given income across different goods and services.</b></p> <p><b>In terms of IC analysis, a consumer attains equilibrium when:</b></p> <p><b>(i) IC and the budget line are tangent to each other, i.e. when the slope of IC equals the price ratio of the goods.</b></p> <p><b>(ii) IC is convex to the origin, at the point of equilibrium.</b></p>	6



In fig. AB is the budget or price line. IC<sub>1</sub>, IC<sub>2</sub> and IC<sub>3</sub> are indifference curves. A consumer can buy any of the combinations, A, B, C, D and E of good X and good Y shown on the price line AB. He cannot attain any combination on IC<sub>3</sub> as it is above the price line AB. He can buy those combinations which are not only on the price line AB but also coincide with the highest indifference curve which is IC<sub>2</sub> in this case. Out of A, B, C, D and E combinations, the consumer will be in equilibrium at combination 'E' because at this point, the price line (AB) is tangent to the highest indifference curve IC<sub>2</sub>. No doubt, the consumer can buy 'C' or 'D' combinations as well but these will not give him maximum satisfaction as they are situated on lower indifference curve IC<sub>1</sub>. It means that the consumer's equilibrium point is the point of tangency of price line and indifference curve. At equilibrium,

Slope of indifference curve = Slope of budget or price line or  $MRS_{XY} = P_X/P_Y$

Also, at point E, IC<sub>2</sub> is convex to the origin. Accordingly, equilibrium is stable.

In a state of equilibrium, the consumer is buying OL amount of good Y and OM amount of good X. It is here that he is maximising his satisfaction. Any departure from this point would only mean lesser satisfaction.

34 What is elasticity of demand?

Explain the various degrees of elasticity of demand with suitable diagrams.

**the percentage change in quantity demanded divided by the percentage**

**It is known as:**

**Which means:**

6



<b>change in price equals:</b>			
Infinity	Perfectly elastic	Changes in price result in demand declining to zero	
Greater than 1	Elastic	Changes in price yield a significant change in demand	
1	Unitary	Changes in price yield equivalent (percentage) changes in demand	
Less than 1	Inelastic	Changes in price yield an insignificant change in demand	
0	Perfectly inelastic	Changes in price yield no change in demand	

THE END