



## ST. LAWRENCE HIGH SCHOOL



### First Term Test- 2019 (Model Answer)

**Subject: Economics**

**Class: XI (C)**

**F. M. 80**

**Duration: 03 hours 15 min**

**Date: 1.8.2019**

#### Group – A

**1. Select the correct answer:**

**1 x 10 = 10**

i) Which of the following is known as produced means of production?

- a) Land, b) Labour, c) Capital, d) Organisation

Ans: c) Capital

ii) "Economics is the science of wealth" \_\_\_\_\_ explained by

- a) Smith, b) Marshall, c) Robbins, d) Samuelson

Ans: a) Smith

iii) According to Marx an economy, during the process of development, passes through \_\_\_\_\_ stages.

- a) three, b) four, c) five, d) six

Ans: c) five

iv) An example of common property resources is \_\_\_\_\_.

- a) government office building, b) reserve forest, c) factory owned by a company, d) common grazing land

Ans: d) common grazing land

v) "The law demand" – was stated by

- a) Smith, b) Marshall, c) Robbins, d) Samuelson

Ans: b) Marshall

vi) Government interference is least in \_\_\_\_\_ economic system.

a) Capitalist, b) Socialist, c) Mixed, d) Planned

Ans: a) capitalist

vii) How many phases does a business cycle have?

a) three, b) four, c) five, d) six

Ans: b) four

viii) When total utility is maximum then marginal utility is \_\_\_\_\_.

a) 1, b) 0, c) positive, d) negative

Ans: b) 0

ix) In India \_\_\_\_\_ economic system prevails.

a) capitalist, b) socialist, c) mixed, d) planned

Ans: c) mixed

x) There is no exploitation of labour in \_\_\_\_\_ economy.

a) capitalist, b) socialist, c) mixed, d) market

Ans: b) socialist

**2. Answer the following questions :**

**1 x 10=10**

i) Production is the creation of \_\_\_\_\_ through exchange

Ans: utility

ii) When AC increases then MC will be \_\_\_\_\_ than AC.

Ans: greater

iii) Only one producer exists in \_\_\_\_\_ market.

Ans: monopoly

iv) \_\_\_\_\_ cannot be separated from the labourer.

Ans: labour

v) \_\_\_\_\_ is the source of future income.

Ans: capital

vi) \_\_\_\_\_ establishes coordination among land, labour, and capital.

Ans: organisation

vii) There will be \_\_\_\_\_ social goals to solve the basic problems of the society.

Ans: six

viii) In \_\_\_\_\_ economic system price mechanism works freely

Ans: capitalist

ix) Business cycle refers to \_\_\_\_\_ movement in economic activities.

Ans: cyclical

x) One phase of business cycle \_\_\_\_\_ comes from the previous phase

Ans: automatically

### 3. Answer the following questions

2x10=20

i) What are the phases of business cycle?

Ans: There are four phases of business cycle. These four phases of business cycle are:

a) depression, b) recovery, c) boom, d) recession

II) When does the production possibility curve shift to the right?

Ans: When the economic growth process takes place in an economy or there will be any technological advancement then production possibility curve will shift to the right.

iii) What do you mean by problem of choice?

Ans: Human wants are unlimited but the resources are limited. So we have to choose which want we fulfill now and which we can postpone for future. This is known as problem of choice.

iv) What is the difference between private and public property?

Ans: a) The property which has private ownership is known as private property and the property which has government ownership is known as public property

b) Exclusion principle is applicable for private property but it is not applicable for public property.

v) Define a demand schedule.

Ans: Demand schedule: The tabular representation of the relationship between price of the commodity and its quantity demanded is known as demand schedule.

vi) What do you mean by law of supply?

Ans: Law of supply: Other things remaining same there exists positive or direct relationship between price of the commodity and its quantity supplied.

vii) Define business cycle.



Ans: Business cycle: In the economic activities of a country there occur regular ups and downs. These are known as business cycles

viii) What is duopoly?

Ans: Duopoly: In an oligopoly market where there exist only two sellers is known as duopoly market.

ix) Distinguish between fixed and variable cost.

Ans: a) Fixed cost is independent of output level but variable cost is dependent on output level.

b) Rent, insurance premium etc. are the example of fixed cost. Wages of the casual workers, raw material costs etc are the example of variable cost.

x) What are the characteristics of business cycle?

Ans: Characteristics of business cycle:

- a) it is cyclical movement in economic activities.
- b) there is regularity in the movements of economic activities
- c) there are different phases of a business cycle.
- d) there is an element of automaticity in a business cycle.

#### **Group-B**

**4. Answer the following questions:**

**5x6=30**

i) What are the social goals for solving three basic problems of an economy?

**OR**

What are the characteristics of capitalist economic system?

Ans: There are six social goals for solving three basic problems of an economy. These are:

a) efficiency, b) equity, c) freedom, d) growth, e) security, f) stability.

Explanation of each point in brief.

**OR**

Characteristics of capitalist economic system are:

a) private ownership, b) consumers' sovereignty, c) freedom of enterprise, d) price mechanism, e) competition

Explanation of each point in brief.

ii) Distinguish between price and value.

Ans: Any five differences between price and value.

iii) State the law of diminishing marginal utility. What are its assumptions? What are the reasons behind this law?

Ans: The law of diminishing marginal utility states that when a consumer will buy more and more units of a commodity then marginal utility derived from the successive units gradually decreases.

Assumptions and reasons explanations in brief.

iv) What are the merits of socialist economic system?

**OR**

What are the demerits of mixed economy?

Ans: Merits of socialist economic system:

a) no economic crisis, b) no inequality in the distribution of income, c) no exploitation of labour, d) increase in welfare

Explanation of each point in brief.

**OR**

Demerits of mixed economy:

a) impossibility to integrate the elements of capitalism and socialism in a single system, b) non co-operation between private and public sector, c) existence of inequality in the distribution of income.

Explanation of each point in brief.

v) State law of demand. What are its exceptions?

Ans: Law of demand states that other things remaining constant there exists negative relationship between price of the commodity and its quantity demanded.

Exceptions:

a) Giffen goods, b) Veblen effect, c) Future price expectation, d) Habitual goods, e) Share market.

Brief explanation of each point.

vi) Distinguish between developed and underdeveloped economy..

Ans: a) The economy which has high levels of per capita income is called developed economy. But under developed economy is that economy in which per capita real income is low when compared with per capita real incomes of the United States of America, Canada, Australia and Western Europe.

- b) In developed economy there is low growth of population but in under developed economy there is high growth rate of population.
- c) In developed economy there is higher standard of living low standard of living.
- d) In developed economy improved technology is used but in under developed economy there is backward methods of production.
- e) In developed economy there is scope for employment but in under developed economy there is acute problem of unemployment.

**Group-C**

**5. Long answer questions:**

**1x10=10**

- i) What do you mean by an underdeveloped economy? What are its characteristics?

**OR**

Classify market according to different criteria

Ans: Under developed economy is that economy in which per capita real income is low when compared with per capita real incomes of the United States of America, Canada , Australia and Western Europe.

Characteristics:

- a) low per capita income, b) predominance of primary sector, c) scarcity of capital, d) high growth rate of population, e) low standard of living, f) dual economy, g) backward methods of production, h) non utilisation of natural resources.

Explanation of each point in brief.

**OR**

Market can be classified according to the following criteria:

- a) According to geographical location, b) According to the nature of the commodity, c) According to time period, d) According to different degree of competition.

Explanation of each point in brief.