



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian minority Institution

Subject: Economics

Class- XI

Date:27/06/2020

Answer key of Worksheet-12

Chapter-Economic problems and Economic Systems

Topic- Socialist Economy – merits and demerits

1. Choose the correct alternative. 1x15=15
 - a) In the socialist economic system we find i) private ownership ii) **public ownership** iii) (i) and (ii) both iv) none of these
 - b) In socialist economic system, the three basic economic problems get resolved by i) **central planning authority** ii) individuals iii) price mechanism iv) none of these
 - c) Another name of socialist economy is i) Mixed economy ii) **Centrally planned economy** iii) economy with automatic mechanism iv) none of these
 - d) Socialist economy works on the basis of i) non-profit motive ii) profit motive iii) **interest of the society** iv) none of these
 - e) Surplus value created in the production process is appropriated by few individuals in i) socialist economy ii) **capitalist economy** iii) centrally planning authority iv) none of these
 - f) Exploitation of labour can be found in i) centrally planned economy ii) socialist economy iii) **capitalist economy** iv) none of these
 - g) In socialist economy surplus value created in the production process is appropriated by i) **society** ii) owners of the means of production iii) only few individuals iv) none of these
 - h) Business cycles do not take place in socialist economy because i) there is no conflict between producers and workers ii) **this economy is completely regulated** iii) there is no exploitation of labor iv) none of these
 - i) One of the very important merits of the socialist economy is i) **there is no inequality in distribution of income** ii) there is possibility of optimum resource allocation iii) complete liberty of individuals iv) none of these

- j) One of the demerits of the socialist economy is i) there is class struggle ii) emergence of business cycle **iii) bureaucratic influence** iv) none of these
- k) Workers lack motivation to work in socialist economy because i) there is absolute liberty of individuals **ii) since they have security of employment** iii) of exploitation of labour iv) none of these
- l) In socialist economy **i) people lack political liberty** ii) people lack political liberty followed by lack of economic liberty iii) there is lack of equality in distribution of income iv) none of these
- m) Main motive of the socialist economy is i) to increase profit **ii) to increase welfare of the society** iii) producing the commodities which are profitable iv) none of these
- n) 'Invisible hand' works in **i) capitalist economy** ii) socialist economy iii) centrally planned economy iv) none of these
- o) In socialist economy allocation of resources are determined by i) market forces **ii) central planning authority** iii) price mechanism iv) none of these

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