



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian minority Institution

Subject: Economics Class- XI

Date:10/08/2020

Answer key of Worksheet-30

Chapter- Role of the government in the economy

Topic-Mixed sector, different types of tax and natural monopoly

1. Choose the correct alternative. $1 \times 15 = 15$
- a) If in the joint sector less than 50% shares are owned by the government then its control will be in the hand of i) government ii) private sector iii) both (i) and (ii) iv) none of these
- b) Controlling pollution by setting standard of pollution by law is difficult because i) government might not have proper information to determine standard level of pollution from the standpoint of society ii) it is costly iii) both (i) and (ii) iv) none of these
- c) The indirect method of controlling pollution is i) charging tax per unit of emission ii) firms will be charged fine if they cross the given standard of pollution iii) imprisonment iv) none of these
- d) If the tax per ton of emission is Rs 100 and cost for taking abatement measure is Rs 50 then the firm will i) not take any abatement measures ii) take abatement measures iii) prefer to pay pollution tax iv) none of these
- e) If someone earns Rs 50,000 and minimum level exempted from tax is Rs 30,000 then taxable amount is i) Rs 15,000 ii) Rs 10,000 iii) Rs 20,000 iv) none of these
- f) In T/Y (average rate of income tax) remains same in case of i) proportional tax ii) progressive tax iii) regressive tax iv) none of these
- g) In a proportional tax system an individual pays Rs 2000 tax when his taxable income is Rs 10000, then what is the amount of tax should he pay when his taxable income is Rs 35,000 i) Rs 5000 ii) Rs 7500 iii) Rs 7000 iv) none of these

- h) If rate of tax increases with the increase in level of taxable income then it is known as i) **progressive tax system** ii) proportional tax system iii) regressive tax system iv) none of these
- i) If rate of tax decreases with the increase in level of taxable income then it is known as i) progressive tax system ii) proportional tax system **iii) regressive tax system** iv) none of these
- j) Progressive tax system is the best because i) **it is applied on the basis of ability to pay** ii) it adversely affects the incentive to work iii) it hinders the process of capital formation iv) none of these
- k) Least aggregate sacrifice is possible in case of progressive taxation because i) **marginal utility of income is very low for the poor people** ii) tax is imposed on the surplus part of the income iii) (i) and (ii) both iv) none of these
- l) By progressive taxation it is possible to increase the total consumption because i) marginal utility of income of the rich is very low than that of poor people ii) **marginal propensity to consume is higher than that of poor** iii) both (i) and (ii) iv) none of these
- m) Limitations of progressive tax system are i) it hinders the process of capital formation ii) it adversely affects incentive to work iii) computation of this tax is very complicated **iv) all of the above**
- n) In case of natural monopoly i) average cost increases with the increase in level of output **ii) average cost decreases with the increase in level of output** iii) average cost remains same with increase in level of output iv) none of these
- o) One of the most important features of natural monopoly is **i) proportion of fixed cost in total cost is very high** ii) marginal cost is greater than the average cost iii) only government sector can operate as natural monopolist iv) none of these

Aparajita Mondal