INDIAN SCHOOL MUSCAT

ANNUAL EXAMINATION

FEBRUARY 2020

CLASS XI

SET B

Marking Scheme – Economics [THEORY]

Q.NO.	Answers	Marks (with split up)
1.	C. People or thing about which we are conducting a study or survey	1
2.	C. Quantitative classification	1
3.	A.The average of the upper class limit and the lower class limit	1
4.	Variance	1
5.	Frequency	1
6.	Semi Interquartile range	1
7.	False	1
8.	False	1
9.	False	1
10.	Mean Deviation & standard deviation OR Lorenz Curve.	1
11.	<table><tr><td>Wages</td><td>Tally Bars</td><td>Frequency</td></tr><tr><td>20-29</td><td>///</td><td>3</td></tr><tr><td>30-39</td><td>////</td><td>4</td></tr><tr><td>40-49</td><td>/////</td><td>5</td></tr><tr><td>50-59</td><td>//////</td><td>6</td></tr><tr><td>60-69</td><td>//</td><td>2</td></tr><tr><td>Total</td><td></td><td>20</td></tr></table>	1+1+1
12.	(i) Purpose of index numbers. (ii) Selection of base period (iii)Choice of the formula. (iv)Selection of the commodities. (Any three points with explanation)	1+1+1

	OR (i) Index numbers helps in formulating suitable economic policies and planning. (ii) WPI is widely used to measure the rate of inflation. (iii)Consumer Index numbers are helpful in wage negotiation, formulation of income policy, rent control and general economic policy formulation. (iv)CPI are used in calculating the purchasing power of money and real wage.	
13.	Time series graph.	2+2
14.	Consumer Price Index $= \sum_{P1q0}/\sum_{P0q0} \times 100 = 675/570 \times 100 = 118.42$	1+3
15.	The enumerator may collect the data by conducting an enquiry or investigation. They are based on first-hand information. Mode of collecting data are (i) Personal Interview: the researcher conducts face to face interviews with the respondents. Personal contact is made between the respondent and interviewer, misunderstanding and misinterpretation can be avoided. The interviewer can request the respondent to expand on answers that are particularly important. Demerits: It is expensive as it requires trained interviewers. (ii) Mailing questionnaire: The questionnaire is sent to each individual by mail. It is less expensive and allows the researcher to have access to people in remote areas. The disadvantage of this method is less response rate and loss of questionnaire in the mail itself. (iii) Telephone Interview: the investigator asks questions over the telephone. They are cheaper than personal interview and can be conducted in lesser time. The disadvantage of this method is access to people as many people may not own telephones. OR Pre-testing of the questionnaire with a small group is known as pilot survey. (i) It helps in providing a preliminary idea about the survey. (ii) It helps to know the short comings and drawbacks of the questions (iii)It helps in assessing the sustainability of questions, clarity of instructions, cost and time involved in actual survey.	1+1 ½ + 1 ½ = 4
16.	Median = N+1/2th item = 50+1/2 = 25.5th item = 25 Mean Deviation = $\sum fd/\sum f$ = 490/50 = 9.8 OR Standard deviation = $\sqrt{\sum fd^2/\sum f - (\sum fd/\sum f)^2}$ = $\sqrt{160}$ = 12.64	3+3
17.	Rk = $1 - 6\sum D^2 / N^3 - N$ = $1 - 6 \times 138/1000 - 10$ = $1 - 828/990$ = $1 - 0.836$ = 0.164	1+4+1

18.	2.5 (c)	1
19.	Decrease in price of the good. (D)	1
20.	Downward sloping straight line. (C)	1
21.	Monopoly (B)	1
22.	Fixed cost (A)	1
23.	False	1
24.	False	1
25.	Zero	1
26.	Shut down point.	1
27.	Rightward shift in demand curve indicates increase in demand to change in factors other than price. OR When the percentage change in quantity demanded is less than the percentage in its price.	1
28.	Price ceiling is the maximum price of a commodity that a seller can charge from a buyer. This price is fixed by the government which is lower than the market price. This price ceiling is to protect the consumers. (i) Black marketing: Goods are sold illegally at prices higher than the price fixed by the government. (ii) Rationing: rationing is a method of allocating the limited supply of the commodity among consumers. Government resorts to rationing when there is shortage of the supply of the commodity. In India rationing is done through Fair price shops of essential goods like rice, wheat, kerosene etc.	1+2
29.	PPC is locus of points representing different combinations of the two goods which the economy can produce from the given resources, assumed to be employed fully and efficiently. A PPC is downward sloping because to produce more quantity of one good, the economy must produce less quantity of the other good. It is because resources are fixed. OR An economy may be defined as a system which provides people with means to work and earn a living. An economy faces the problem of what to produce because resources available to an economy are scarce. An economy cannot produce all that the society needs. An economy has to make a choice of the wants which are important for the economy as a whole.	1+2

30.	An indifference curve may be defined as the curve depicting the various alternative combinations of two goods which provide same level of satisfaction to the consumer.	1+1+2=4
	(i) Indifference curve slopes downward: an indifference curve is negatively sloped because a consumer decides to have more units of one good will have to reduce the number of units another good. So that the level of satisfaction remains unchanged.	
	(ii) Indifference curve is always convex to the origin: it is convex to the origin due to diminishing MRS.	
	Higher indifference curve represents higher level of satisfaction because the IC to the right represents more quantity of both the goods.	
31.	Average product increases as long as Marginal product is greater than AP.(When MP is greater than AP, AP rises)	3+1
	AP is maximum and constant when AP=MP (when AP=MP, AP is maximum)	
	AP falls when MP is less than AP. MP can be zero and negative but AP is always positive. (Diagram)	
	OR	
	As long as MC is below AC, AC curve falls. MC curve falls more rapidly than AC curve.	
	When AC is minimum, AC=MC When MC curve is rising, it cuts the AC curve at its minimum.	
	When MC is greater than AC, AC rises. (Diagram)	
32.	Es = $\Delta Q/\Delta P$ x P/Q	1+2+1
	2=500/2 x 10/Q	
	Q = 1,250.	
	As price decreases, quantity supplied will also decrease.	
	New quantity = original quantity - ΔQ = 1250-750 = 750.	
33.	Under perfect competition, there are so many buyers and sellers in the market. No individual seller can influence the price of the commodity in the market. Any change in output supplied by a single firm will not affect the total output of the industry. The price of the commodity is given to an individual seller and he can sell whatever output he produces at the given price. Similarly no single buyer can influence the price of the commodity. Thus a perfectly competitive firm is a price taker and can sell any amount of the commodity at the established price.	3+3
	Homogeneous product: The product of each firm in the market is homogeneous. They are identical. It means product of various firms is perfect substitutes for one another. As a result of homogeneous product the buyer cannot distinguish between the product of one firm and that of another. No firm can charge different price of the product it produces. Hence a uniform price prevails in the market.	

	OR Market equilibrium refers to a situation where quantity demanded and quantity supplied of a good are equal. An increase in the price of inputs used in the production of a commodity increase the unit cost of production of the commodity. This will cause a decrease in the supply of commodity and leads to a leftward shift of the supply curve. The demand curve of the commodity remaining the same. This will cause the market price of the commodity to rise and quantity exchanged to fall. (Diagram and explanation)	
34.	When income of the buyer increases his demand for normal goods will increase. Normal goods are those goods whose demand increases with increase in income. In this case the demand curve shift rightwards. The demand curve shift leftward in case of inferior goods Diagram. (b) Complementary goods are those goods which are used together to satisfy a want. Car and petrol. Whenever price of a commodity falls, the demand for the other will increase. It will shift the demand curve rightwards.	3+3