INDIAN SCHOOL MUSCAT

ANNUAL EXAMINATION

FEBRUARY 2020

SET C

CLASS XI

Marking Scheme – ECONOMICS [THEORY]

Q.NO.	Answers	Marks (with split up)
1.	The population is small. (b)	1
2.	The average of the upper class limit and the lower class limit (a)	1
3.	Spatial classification (c)	1
4.	Frequency	1
5.	Variance	1
6.	Absolute measures	1
7.	False	1
8.	False	1
9.	True	1
10.	Interquartile Range OR L-S/L+S	1
11.	(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) 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. CPI are used in calculating the purchasing power of money and real wage	1+1+1

12.	<table><tr><td>Marks</td><td>Tally Bars</td><td>Frequency</td></tr><tr><td>50 - 60</td><td>//</td><td>2</td></tr><tr><td>60 - 70</td><td>//////</td><td>6</td></tr><tr><td>70 - 80</td><td>///</td><td>3</td></tr><tr><td>80 - 90</td><td>////</td><td>4</td></tr><tr><td>90 - 100</td><td>/////</td><td>5</td></tr><tr><td>Total</td><td></td><td>20</td></tr></table>	1+1+1
13.	Time series graph.	4
14.	A characteristic or phenomenon which is capable of being measured and changes its value from time to time, place to place is called a variable. Discrete Variable: a discrete variable is one which increases in jumps or in complete numbers. It will be in complete numbers like 2,3,4 etc. it does not include decimals. Example: No of workers in the factory. Continuous variables are those variables which can assume any value in a given range and which increase continuously and not in jumps. It can take any value like decimals, fractions etc. example, height, weight etc. OR The NSSO was established by the government of India to conduct nationwide survey on socio economic issues. NSSO provides periodic estimates of literacy, school enrolment, employment, child care etc. The NSSO also collects details of Industrial activities and retail prices for various goods. They are used by government of India for planning purposes. The data collected by NSSO are shown through reports and quarterly journal sarvekshana.	4
15.	Consumer Price Index $= \sum P_1q_0/\sum P_0q_0$ x 100 = 675/570 x 100 = 118.42	1+2+1
16.	Rk = $1-6\sum D^2/N^3-N$ = 1-6x86/1000-10 = 1-516/990 = 1-0.52 = 0.48	6
17.	Median = N+1/2th item = 50+1/2 = 25.5th item = 25 Mean Deviation = $\sum f\|d\|/\sum f$ = 490/50 = 9.8 Co-efficient of mean deviation = Mean Deviation/Median = 9.8/25 = 0.39 OR Standard deviation = 16.51	6
18.	2.5 (c)	1
19.	Shifts to the right (a)	1
20.	Downward sloping straight line (c)	1
21.	Implicit cost (c)	1
22.	Equal to Average Revenue (c)	1

23.	False. Never touches zero.	1
24.	False.	1
25.	Infinity.(∞)	1
26.	Shut down point	1
27.	Leftward shift in demand curve indicate decrease in demand due to change in factors other than income. OR Percentage change in quantity demanded is less than percentage change in price.	1
28.	Micro economics deals with the behavior of individual economic units such as price determination of a commodity, behaviors of a consumer, producer or a firm. How to produce refers to the problem of deciding which techniques should be used for the production of goods and services in the economy. There are two types of techniques – labor intensive or capital intensive. The problem is to choose that technique of production which will maximize production and minimize cost. OR 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. A PPC is concave to the point of origin due to increasing MRT.	1+2
29.	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
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. (i) Indifference curve slopes downward: an indifference curve is	1+3

<table>
<tr><td></td><td>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</td><td></td></tr>
<tr><td>31.</td><td>TC is the sum of TVC and TFC.
TC and TVC curves are parallel to each other. TFC is constant at all levels of output and it is parallel to x-axis. With increase in output, TVC increases and TC also increases. (Diagram)
OR
Total product is defined as the total quantity of produced by a firm with the given inputs during a specified period of time.
Marginal product is addition to total product when an additional unit of labour is employed.
When TP increases at an increasing rate, MP increases.
When TP increases at a diminishing rate, MP decreases and is positive.
Wnem TP is maximum, MP is zero
When TP falls, MP is negative. (Diagram)</td><td>3+1</td></tr>
<tr><td>32.</td><td>Es = ΔQ/ΔP x P/Q
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.</td><td>1+2+1</td></tr>
<tr><td>33.</td><td>
<table>
<tr><th>Increase in Demand</th><th>Expansion of demand</th></tr>
<tr><td>It refers to rise in demand at the same price of the commodity</td><td>It refers to rise in demand due fall in price of the commodity.</td></tr>
<tr><td>There is a rightward shift of the demand curve</td><td>The demand curve moves downward to the same demand curve.</td></tr>
<tr><td>It is due to increase in consumers income, fall in price of complementary goods, rise in price of substitute goods etc.</td><td>It is due to fall in price .</td></tr>
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<table>
<tr><th>Decrease in demand</th><th>Contraction of demand</th></tr>
<tr><td>It refers to decrease in quantity demanded at the same price</td><td>It refers to decrease in quantity Due to rise in price.</td></tr>
<tr><td>The demand curve shift to the left</td><td>The demand curve moves upward I the same demand curve.</td></tr>
<tr><td>It is due to fall in income of the consumer, unfavourable taste and</td><td>it is due fall in price of the commodity.</td></tr>
</table>
</td><td>3 + 3</td></tr>
</table>

	preference.	
34.	The equilibrium price of a commodity is fixed at a price where its demand and supply are equal. If market price is less than the equilibrium price, it creates a situation of excess demand. This means at this price, demand will be more than the supply. As shown in the diagram, if the price OP (equilibrium price) becomes OP1 (less), there will be excess demand equal to FG, the gas between demand and supply. This will be lead to competition between the buyers. As a result price will start rising. Because of the increase in price demand will start falling and supply will start rising. These changes will continue till price becomes equal to OP at which demand and supply are equal. OR Interdependence between firms: Interdependence means action of one firm affects the action of other firms. Price output decision of one firm will affect the market price. Therefore, it influences the total revenue of the other firms. this means changes in price output policy of one firm is followed by similar reactions from the other firms Price Rigidity: oligopoly market structure makes the market price of a commodity rigid. Market price does not move freely in response to change in demand. If one firm increase the price to generate higher profit, other firms will not follow the same. This lead to huge fall in demand which made reduce its total revenue. Similarly if one firm reduces price expecting a large increase in demand all other firms follow the same, so the firm does not gain anything by reducing the price. Due to which the price remain rigid in the market.	6