Roll Number				Code Number	A

Indian School Muscat

Class : XI	First Term Examination	Time Allotted: 3Hrs
23.09.2018	Economics (030)	Max. Marks: 80

General Instructions
1. All questions in both the sections are compulsory.
2. Marks for questions are indicated against each.
3. Question Nos. 01 to 04 and 13 to 16 are very short answer questions /MCQ's of 1 mark each.
4. Question Nos. 05 to 06 and 17 to 18 are short answer questions of 3 marks each. These are to be answered in about 60 words each.
5. Question Nos. 07 to 09 and 19 to 21 are short answer questions of 4 marks each. These are to be answered in about 70 words each.
6. Question Nos. 10 to 12 and 22 to 24 are long answer questions of 6 marks each. These are to be answered in about 100 words each.
7. Answer should be brief and to the point and the above word limit be adhered to as far as possible.

Section A: Introductory Microeconomics

1. Which of the following statement is true about production possibility curve? (Choose   1 the correct alternative)
   (a)   It shows various combinations of two goods which yield the same level of satisfaction
   (b)   It shows various combinations of two goods which an economy can produce with given amount of resources and technology
   (c)   It shows various combinations of two goods which an economy can produce with a given budget
   (d)   It shows various combinations of two goods which an economy can produce with a given time.

2. State whether the following statement is 'True' or 'False'. Give reason   1
   Different points on an indifference curve represent different satisfaction levels.

3. If tea and coffee are substitutes, a fall in the price of tea leads to: (Chose the correct   1 alternative)
   i) Rise in demand for tea
   ii) Fall in demand for tea
   iii) Fall in demand for coffee
   iv) Rise in demand of coffee
   (a)   Both (ii) and (iv)
   (b)   Both (i) and (iii)
   (c)   Both (ii) and (iii)
   (d)   Both (iii) and (iv)

4. What causes a downward movement along the same demand curve? (Choose the correct alternative) 1
   (a) A change in taste and preference of consumer
   (b) A fall in the price of the good
   (c) An increase in income of consumer household
   (d) A successful advertising campaign

5. Given the market price of a good as ₹4, how does a consumer decide how much of the good to purchase? (Assume ₹1 = 1 util) 3

   OR

   What is a budget line?
   A consumer consumes only two goods X and Y. Her money income is ₹24 and the prices of X and Y are ₹4 and ₹2 respectively. Answer the following questions:
   a) Can the consumer afford a bundle 4X and 5Y? Explain
   b) What will be the MRS_{xy} when the consumer is in equilibrium?

6. What happens when $\frac{MUx}{Px}$ is greater than $\frac{MUy}{Py}$? 3

7. Find out the marginal rate of transformation from the following production possibility schedule and also draw the production possibility curve based on the marginal rate of transformation. Comment on the shape of the production possibility curve. 4

Possibilities	A	B	C	D	E
Good (X) Units	0	1	2	3	4
Good (Y) Units	20	18	14	8	0

8. Distinguish between a centrally planned economy and a market economy. 4

   OR

   Distinguish between microeconomics and macroeconomics.

9. If change in quantity is (-) 0.6 and price elasticity of demand is (-) 0.75, calculate the percentage change in price. Also calculate the new expenditure if initial expenditure was ₹500 at the price of ₹20. 4

10. Define a production possibility curve. Draw a production possibility curve and mark the following situations: 6
    (a) Underutilization of resources
    (b) Full employment of resources
    (c) Growth of resources
    State any one reason for the following:
    (a) Rightward shift of production possibility curve
    (b) Downward shift of production possibility curve

11. Using a suitable diagram and an example, explain the following changes in the determinants of demand. 6
    (a) Rise in price a complementary good
    (b) Increase in income and demand for inferior goods

OR

Using a suitable diagram, and an example, explain the following degrees of price elasticity of demand.
   (a)   Perfectly inelastic demand
   (b)   Relatively elastic demand

12.   Explain any three factors that affect price elasticity of demand.   6

Section B: Statistics for Economics

13.   What is meant by 'ordinary business of life'?   1

14.   From the given activities, which activity is a non-economic activity? (Choose the   1
      correct alternative.
      (a)   Services rendered by a teacher
      (b)   Organising a free blood donation camp
      (c)   A tourist guide rendering services
      (d)   Manufacturing shirt with the help of cloth and tailoring.

15.   It is a try out with a small group that is done to assess the suitability of questions,   1
      clarity of instructions and cost and time involved in actual survey. (Choose the correct
      alternative)
      (a)   Census survey
      (b)   Sample survey
      (c)   Pilot survey
      (d)   None of the above

16.   Errors in data acquisition arise when: (Choose the correct alternative)   1
      (a)   Incorrect responses are recorded
      (b)   There is inability to contact a person listed in a sample
      (c)   Some members of the target population could not possibly be included in the
            sample
      (d)   A person from the sample refuses to respond

17.   Using a suitable example, show how statistics helps an economist to present economic   3
      facts in a precise and definite form?

18.   Enumerate the different methods of collecting primary data.   3
                                    OR
      What is secondary data? What is its source? Give any one precaution that should be
      taken before using a secondary data?

19.   Discuss the different ways of classification of data with examples.   4

20.   Distinguish between discrete variable and continuous variable.   4

                                    OR

      What is meant by loss of information in statistics?

21. An economic survey shows that 30 families in a town incur following expenditure in a 4
    day in rupees. Prepare a frequency distribution of exclusive type with a class interval of
    five (5).
    11,12,14,16,16,17,18,23,20,16,11,12,36,34,25,27,28,28,30,15,28,26,22,28,31,12,31,38,
    15,20

22. Differentiate between census and sample methods of collecting data.   6

    OR

    Distinguish between 'random sampling' and 'non random sampling'.

23. What are the points to be kept in mind when preparing a good questionnaire?   6

24. What is a frequency distribution? In a frequency distribution, how are the class limits 6
    determined?

End of the Question Paper