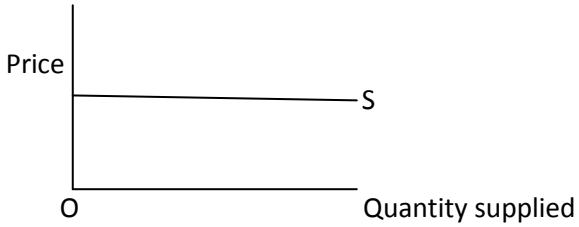
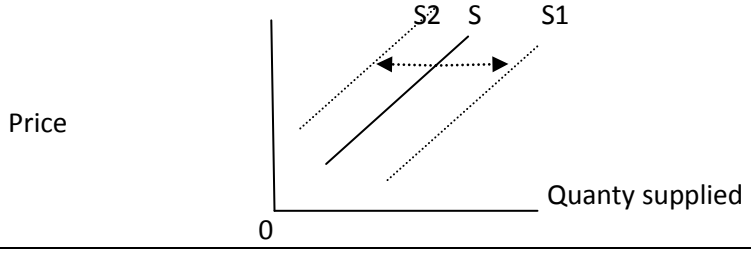
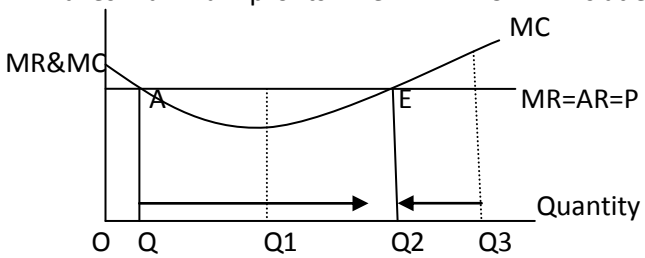
CLASS: XI	**INDIAN SCHOOL MUSCAT** **SECOND PERIODIC TEST**	SUBJECT: ECONOMICS
	SET - A	
QP.NO.	VALUE POINTS	SPLIT UP MARKS
1.	(i) Marginal Cost is equal to Marginal Revenue and Marginal cost is increasing.	1
2.		1
3	10% increase	1
4	Input price refer to cost of production. Increase in input price will increase Marginal cost of production. MC curve shift up. Same quantity can be produced only at a higher MC. Supply curve shift to left. Increase in input price will increase Marginal cost of production. MC curve shift up. Same quantity can be produced only at a higher MC. Supply curve shift to left. 	3
5	A profit maximizing firm will produce that many numbers of units at which profit is maximum. Profit is maximum when TR-TC is maximum. TR-TC is maximum when two conditions are achieved. a. MR must be equal to MC at profit maximum output b. MC must be non diminishing at profit maximum output If MR>MC, increase in TR is more than increase in TC when firm increases output. Profit is increasing when firm increases output. Firm is not at equilibrium because it wants to increase output. If MR<MC, increase in TR is less than increase in TC when firm increases output. Profit diminishes when firm increases output. In other words profit will increase when firm reduces output. Firm is not at equilibrium because it wants to reduce output. This means Firm makes maximum profits when MR=MC. Firm is at equilibrium  At point A MC=MR but MC is falling so that firm is not at equilibrium At output Q1, MR>MC, so that firm will increase the output	4

<table>
<tr><td></td><td>At output level Q3 Mc>MR, firm will reduce output
At Output Q2 Firm is at equilibrium because MC=MR and MC is falling.</td><td></td></tr>
<tr><td></td><td>PART B</td><td></td></tr>
<tr><td>6</td><td>Mode is the value in a series around which maximum number of items are clustered. (any suitable definition)</td><td>1</td></tr>
<tr><td>7</td><td>(i) Median</td><td>1</td></tr>
<tr><td>8</td><td>Mode is not suitable for further statistical or mathematical analysis</td><td>1</td></tr>
<tr><td>9</td><td>Arrange values in ascending order
8,10,11,12,17,18,19,20,21,22,25,
Q1 = (N+1)/4 th item; 11+1/4 = 3rd item; Q1 = 11
Q3 = 3(N+1)/4 th item; 3(11+1)/4; 9th item; Q3 = 21</td><td>1+1+1</td></tr>
<tr><td>10</td><td>Locate mode for the following and verify the result
<table><tr><td>Classes</td><td>20-25</td><td>25-30</td><td>30-35</td><td>35-40</td><td>40-45</td><td>45-50</td><td>50-55</td><td>55-60</td></tr><tr><td>frequencies</td><td>50</td><td>70</td><td>100</td><td>180</td><td>160</td><td>120</td><td>70</td><td>59</td></tr></table>Model class 35-40
Mode = l + (fm-f1/2fm-h1-f2) x h
=35 + (180-100)/2x180-100-160 x 5
= 39.
Histogram and location</td><td>3 + 3</td></tr>
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