DINDIGUL DISTRICT

QUARTERLY EXAMINATION - 2022

11 - Std **ECONOMICS**

Time : 3.00 hrs. Marks : 90

I Multiple choice questions. Answer all the questions. 20 X 1 = 20

1. Which theory is generally included under micro economics?
   a) Price Theory b) Income Theory
   c) Employment Theory d) Trade Theory
2. Who has given scarcity definition of economics?
   a) Adam Smith b) Marshall c) Robbins d) Robertson
3. Total revenue is equal to total output sold multiplied by
   a) Price b) Total cost c) Marginal revenue d) Marginal cost
4. Ordinal utility can be measured by ....
   a) Ranking b) Numbering c) Wording d) None of these
5. The indifference curve are ....
   a) Vertical b) Horizontal c) Positive scoped d) Negatively scoped
6. Pick the odd one out
   a) Luxuries b) Comforts c) Necessaries d) Agricultural goods
7. Who said, the one of the key of an enterpreneur is "uncertainty - bearing".
   a) J.B. Clark b) Schum Peter c) Knight d) Adam Smith
8. Which of the following is not a characteristic of land?
   a) Its limited supply b) It is mobile
   c) Hetrogeneous d) Gift of Nature
9. An Iso-quant curve is also known as
   a) Inelastic supply curve b) Inelastic demand curve
   c) Equi - marginel utility d) Equal product curve
10. Money cost is also known as .... cost.
    a) Explicit b) Implicit c) Social d) Real
11. Identify the formula of estimating average variable cost
    a) TC / Q b) TVC / Q c) TFC / Q d) TAC / Q
12. Final total cost where TFC = 100 and TVC = 125
    a) 125 b) 175 c) 225 d) 325
13. Group equilibrium is analysed in ....
    a) Monopolistic competition b) Monopoly c) Duopoly d) Pure competition
14. Price leadership is the attribute of
    a) Perfect competition b) Monopoly c) Oligopoly d) Monopolistic competition
15. An example of selling cost is ....
    a) Raw material cost b) Transport cost
    c) Advertisement cost d) Purchasing cost
16. The concept of 'Quasi - Rent' is associated with
    a) Ricardo b) Keynes c) Walker d) Marshall
17. Innovation theory of profit was given by
    a) Hawley b) Schm peter c) Keynes d) Knight

18. Money wages as also known is ....
a) real wages b) nomine wages
c) original wages d) transfer wages
19. V.K.R.V. Rao was a student of
a) J.M. Keynes b) Colin Clark c) Adam Smith d) Alfred Marshall
20. Amartya Kumara Sen received the Nobel Prize in Economics in the year
a) 1998 b) 2000 c) 2008 d) 2010

II Answer any seven questions. 30th question is a compulsory question. 7 X 2 = 14

21. Give a short note on Sen's `Shoice of Technique'.
22. Point out any one feature of Indian Economy.
23. Distinguish between real and money wages.
24. Mention the types of distribution.
25. Define `Excess capacity".
26. What is meant by Sunk Cost?
27. State the production function.
28. Classify the factors of production.
29. Mention the classifications of wants.
30. Distinguish goods from services.

III Answer any seven questions. Question number 40 is compulsory. 7 X 3 = 21

31. Compare positive economics and normative economics.
32. What are the important features of Utility?
33. Explain the theory of consumer's surplus.
34. What are the function of entrepreneur?
35. What are the characteristics of land?
36. Define opportunity cost and provide unexample.
37. State the relationship between AC and MC.
38. State the features of duopoly.
39. Differentiate between "firm" and "industry".
40. What are the motives of demand for money?

IV Answer the following questions in one page. 7 X 5 = 35

41. Write a brief note on the Gandhian economic ideas. ***(OR)***
Write the importance of mineral resources in India.
42. Illustrate the Ricardian theory of rent. ***(OR)***
Explain the marginal protuctivity theory of distribution.
43. Bring out the features of perfect competition. ***(OR)***
Illustrate price and output determination under monopoly.
44. Discuss the short run cost curves with suitable diagram. ***(OR)***
Bringout the relationship between AR and MR curves under various price conditions.
45. List out the properties of iso-quants with the help of diagrams. ***(OR)***
Elucidate the laws of returns to scale illustrate.
46. Explain the law of Equi-Marginal utility. ***(OR)***
What are the methods of measuring Elasticity of demand.
47. Explain various steps of Deductive and Inductive methods. ***(OR)***
Elaborate the nature and scope of Economics.

VIVEKANANDA VIDYALAYA MATRIC HR SEC SCHOOL, PANNAIKADU PIRIVU
KODAIKANAL, DINDIGUL DISTRCT

QUARTERLY EXAMINATION (DINDIGUL DISTRICT) KEY – SEPTEMBER 2022

CLASS: 11 STD **ECONOMICS – ANSWER KEY** **MARKS: 90**

I. CHOOSE THE CORRECT ANSWER: 20*1=20

1	a). Price theory	11	b). Tvc/Q
2	c). Robbins	12	c). 225
3	a). Price	13	a). Monopolistic competition
4	a). Ranking	14	c). Oligopoly
5	d). Negative scoped	15	c). Advertisement cost
6	d). Agriculture goods	16	d) Marshall
7	c). Knight	17	b). Schm Peter
8	d). Gift of nature	18	b). Nominal wages
9	d). Equal product curve	19	a). JM Keynes
10	a). Explicit	20	a). 1998

II. ANSWER ANY 7 QUESTIONS: (Q.NO: 30 IS CUMPULSORY) 7*2=14

21 Give a short note on Sen's Shoice of Technique?

It is a research work where he argued that in a labour surplus economy, generation of employment cannot be increased at the initial stage by the adaptation of capital-intensive technique.

- Sen's

22 Point out any one feature of Indian Economy?

- Any stock or reserve that can be drawn from nature is a natural resource.
- The major natural resources are land, forest, water, mineral and energy.

23 Distinguish between real and money wages?

S.No	Money wages	Real wages
1	It's referred to the wages paid in terms of money.	The wages paid in terms of goods and services.
2	*Example*: Money received by a worker per unit of time	*Example:* real wages = money wages – effect of inflation on the purchasing power.

24 Mention the types of distribution?

- Personal Distribution Functional Distribution

25 Define "Excess capacity"

A monopolistic firm produces deliberately output which is less than the optimum output that is the output corresponding to the minimum average cost.

26 What is meant by sunk cost?

- A cost incurred in the past and cannot be recovered in future is calls as sunk cost.
- They are unrecoverable.

27 State the production function?

"It is the relationship between inputs of productive services per unit of time and outputs of product per unit of time."

- George J. Stigler

28	**Classify the factors of production?**
	Land Labour Capital Organization
29	**Mention the classification of wants?**
	❖ **Necessaries:** Food, Clothing and Shelter ❖ **Comforts:** Tv, Fan, Refrigerator and Air conditioner. ❖ **Luxuries:** Jewelry, Diamonds and cars
30	**Distinguish goods from service?**

S.No	Goods	Service
1	Goods are produced	Service are performed
2	It's are tangible	It's are intangible

II. ANSWER ANY 7 QUESTIONS: (Q.NO: 40 IS CUMPULSORY) 7*3=21

31 Compare positive economics and normative economics?

S.no	Positive Economics	Normative Economics.
1	Positive science deals with what it is	It's concerned with what ought to be.
2	It analyses problem on the basis of facts and examines its causes.	Here the conclusions and results are not based on facts.
3	It would be looked into why and how?	It would be seen whether goods or bad.

32 What are the important features of utility?

- Utility is psychological
- Utility is not equivalent to usefulness.
- Utility is not the same as pleasure
- Utility is personal and relative.

33 Explain the theory of consumer's surplus?

- Consumer's Surplus = Potential price – Actual Price
- Consumer's Surplus = TU – (P x Q)

34 What are the functions of entrepreneur?

- Initiation
- Innovation
- Co-Ordination
- Control, Direction & Supervising
- Risk- Taking

35 What are the characteristics is land?

- Land is a primary factor of production.
- Land is a passive factor of production.
- Land is the free gift of Nature.
- Land is permanent.
- Land is immovable

36 Define opportunity cost and provide unexample?

- It refers to the cost of next best alternative use.
- It is the value of the next best alternative foregone.
- Ex: A farmer can cultivate both paddy and sugarcane in a farm land.
- Opportunity cost is also called as Alternative cost.
- When MC < AC, AC falls
- When MC = AC, AC is constant and at its minimum point.
- When MC > AC, Ac rises.

37 **State the relationship between Ac and Mc?**

When Ac is falling, MC lies below AC.

- When AC becomes constant, MC also becomes equal to it.
- When AC starts increasing MC lies above the AC.
- MC curve always cuts AC at its minimum point from below.

38 **State the features of duopoly?**

- Each seller is fully aware of his rival's motive and actions.
- Both sellers may collude.
- They may enter into cut throat competition.
- They fix the price for their product with a view to maximizing their profit.

39 **Differentiate between "firm" and "Industry"?**

S.No	Basis	Firm	Industry
1	**Meaning**	It refers to a single production unit in an industry	It refers to a group of firms
2	**Production**	Producing a large or a small quantum of a commodity or service	Producing the same product or service in an economy.
3	**Example**	A single cement firm	Cement industry

40. **What are the motives of demand for money?**

i). The transaction motive:

It relates to the desire of the people to hold cash for the current transaction.

ii). The precautionary motive:

It relates to the desire of the people to hold cash to meet unexpected.

iii). The speculative motive:

It relates to the desire of the people to hold cash in order to take advantage of market movements.

IV. ANSWER THE FOLLOWING QUESTIONS: 7*5=35

41 **a). Write a brief note on the Gandhian economic ideas?**

S.no	Gandhian Thoughts	Gandhian Economic Ideas
1	**Village Republics**	India lives in villages. He was interested in developing the villages as self sufficient units.
2	**On Machinery**	Gandhi described machinery as great sin
3	**Industrialization**	Gandhi considered industrialism as accurse on mankind.
4	**Decentralization**	He advocated a decentralized economy
5	**Village sarvodaya**	He suggested the development of self sufficient self dependant villages.

b). Write the importance of mineral resource in Inida?

i). Iron-Ore:

- India possesses high quality iron-ore in abundance.
- Hematite iron is mainly found in Chhattisgarh, Jharkhand, Odisha, Goa and Karnataka.

ii). Coal and Lignite

- Coal is the largest available mineral resource.
- India ranks third in the world after China and USA in coal production.
- India is the West Bengal, Bihar, Madhya Pradesh, Maharashtra, Odisha and Andhra Pradesh.

iii). Bauxite

- Major reserves are concentrated in the East Coast bauxite deposits of Odisha and Andhra Pradesh.

iv). Crude Oil

- Oil is being explored in India at many places of Assam and Gujarat.

v). Gold

- India possesses only a limited gold reserve.
- There are only three main gold mine regions—Kolar Goldfield, Hutti Goldfield and Ramgiri Goldfield.

42 **a). Illustrate the Ricardian theory of rent?**

Meaning:

Rent is that portion of the produce of the earth which is paid to the landlord for the use of theoriginal and indestructible powers of the soil.

Assumption:

- Land differs in fertility
- The law of diminishing returns operates in agriculture.
- Rent depends upon fertility and location of land.
- Theory assumes perfect competition.

Schedule of Ricardian Theory of Rent

Grades of lands	Production	Surplus
A	40	40-20=20
B	30	30-20=10
C	20	20-20=0

Explanation:

- In diagram, X axis represents various grades of land and Y axis represents yield per acre.
- OA, AB and BC are the A grade, B grade and C grade lands respectively.

The application of equal amount of labour and capital on each of them gives a yield represented by the rectangles standing just above the respective bases.

- The C grade land is the no-rent land, A and B grade lands are intra-marginal lands

b). Explain the marginal productivity theory of distribution?

Meaning:

The price or the reward for any factor of production is equal to the marginal productivity ofthat factor.

Assumptions:

- All the factors of production are homogeneous.
- Factors of production can be substituted for each other.
- There is perfect competition both in the factor market and product market.

Marginal Product:

- The addition made to the total product by employment of an additional unit of that factor.
- The marginal product may be expressed as MMP = MPP x MR

MP: Under Perfect Competition:

- When there is perfect competition in the factor market,the firm is in equilibrium only when MFC = MRP.
- Hence in the diagram, the firm reaches equilibrium at pointQ by employing ON units of factors and paying OP price (NQ) where MFC = MRP.
  - At the point Q, MRP = ARP.
- The price paid to the factor (NQ) is also equal to marginalrevenue product and average revenue product.

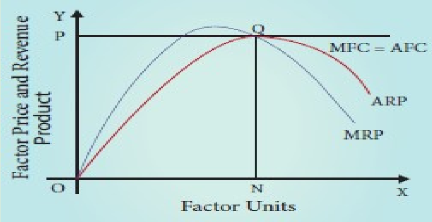
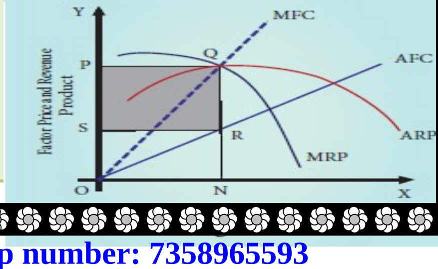


Diagram 6.1



Under Imperfect Competition:

At the point Q, MFC = MRP, where the employer.

43 **a). Bring out the features of perfect competition?**

Meaning:

The price or the reward for any factor of production is equal to the marginal productivity ofthat factor.

Assumptions:

- All the factors of production are homogeneous.
- Factors of production can be substituted for each other.
- There is perfect competition both in the factor market and product market.

Marginal Product:

- The addition made to the total product by employment of an additional unit of that factor.
- The marginal product may be expressed as MMP = MPP x MR

MP: Under Perfect Competition:

- When there is perfect competition in the factor market, the firm is in equilibrium only when MFC = MRP.
- Hence in the diagram, the firm reaches equilibrium at pointQ by employing ON units of factors and paying OP price (
  - At the point Q, MRP = ARP.
- The price paid to the factor (NQ) is also equal to marginal revenue product and average revenue product.

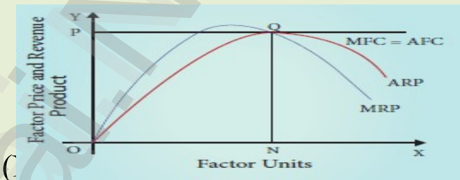


Diagram 6.1

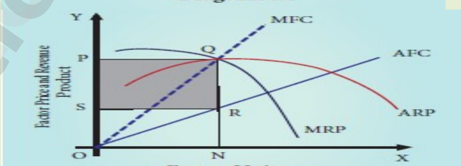


Diagram 6.2

Under Imperfect Competition:

At the point Q, MFC = MRP, where the employer

b). Illustrate price and output determination under monopoly?

Meaning:

It is a market structure characterized by a single seller, selling the unique product with therestriction for a new firm to enter the market.

Features:

- There is a single producer/seller of a product.
- The product of monopolies is unique and has no closesubstitute.
- There is strict barrier for entry of any new firm.
- The monopolist is a price-maker.

Price and Output Determination under MonopolyExplanation:

The diagram shows that MC cuts MR at E to giveequilibrium output as OM.

- At OM, the price charged is OP.
- Also at OM, the cost per unit is MS.
- Therefore, profit per unit is SQ.

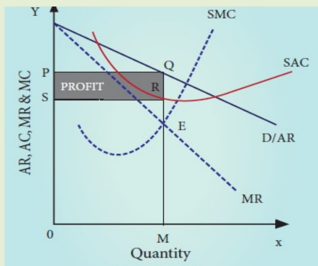


Diagram 5.7

Total Profit = Average Revenue - Average Cost x Total output

44 **a). Discuss the short run cost curves with suitable diagram?**

Total Cost:

Total cost is the sum of Total Fixed Cost and Total Variable Cost

TC = TFC + TVC

Average Fixed Cost Curve:

It is the fixed cost per unit of output.

AFC = TFC / Q

Average Variable Cost:

It is the variable cost per unit of output

AVC = TVC / Q

Average Cost:

It is the total cost divided by the number ofunits of output produced.

AC = TC/Q

Marginal Cost:

It is the additional made to the total cost by the production of one additional unit of output

$MC_n = TC_n – TC_{n-1}$

b). Bring out the relationship between AR and Mr curves under various price conditions?

Average Revenue:

- It is the revenue per unit of the commodity sold.
- It is calculated by dividing the total revenueby the number of units sold.
  AR = TR / Q
- **Marginal revenue:**
  It is the addition made to the total revenue by selling one more unit of a commodity
  $MR_n = TR_n – TR_{n-1}$

TR, AR, MR - Constant price

Quantity Sold (Q)	Price (P) ₹	Total Revenue (TR) ₹	Average Revenue (AR) ₹	Marginal Revenue (MR) ₹
1	5	5	5	5
2	5	10	5	5
3	5	15	5	5
4	5	20	5	5
5	5	25	5	5
6	5	30	5	5

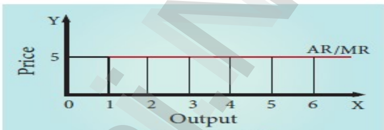


Diagram 4.12

- ☻ If a firm is able to sell additional units at the same price then AR and MR will be constant andequal.
- ☻ If the firm is able to sell additional units only by reducing the price, both AR and MR will fall andbe different.

45 **a). List out the properties of iso-quants with the help of diagram?**

Meaning:

- An –iso-quant curve can be defined as the locus of points representing various combinations of two inputs capital and labour yielding the same output.
- The iso-quant is also called as the "Equal Product Curve".

Properties of iso-quant curve:

- ☻ The iso-quant curve has negative slope.
- ☻ Convex to the origin
- ☻ Non inter-section of iso quant curves
- ☻ An upper iso-quant curve represents a higher level of output.
- ☻ Iso-quant curve does not touch either x azis and y axis.

b). Elucidate the laws of returns to scale. illustrate.

Meaning:

The laws of returns to scale explain the relationship between output and the scale of inputs in thelong run when all the inputs are increased in the same proportion.

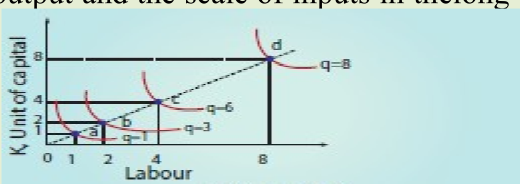


Diagram 3.2

Stages	Input	Output	Returns to Scale
a to b	100% ↑	200% ↑	Increasing
b to c	100% ↑	100% ↑	Constant
c to d	100% ↑	33.33% ↑	Decreasing

Assumptions:

- ❖ All the factors of production are variable butorganizations are fixed.
- ❖ There is no change in technology
- ❖ There is perfect competition in the market.
- ❖ Outputs or returns are measured in physical quantities.

Three phases of return to scale:

- ▪ Increasing returns to scale

- Constant returns to scale
- Diminishing returns to sclae

Explanation:

- In the movement from point a to point b represents increasing returns to scale.
- The law of constant retrurns to scale is implied by the movement from the point b to point c
- Decreasing returns to scale are denoted by the movement from the point c to point d

46 **Explain the law of Equi-marginal utility?**

Meaning:

- To analyze such a situation, the law of diminishing marginal utility is extended and is called "Law of Equi- Marginal Utility".
- It is also called the "Law of Substitution".

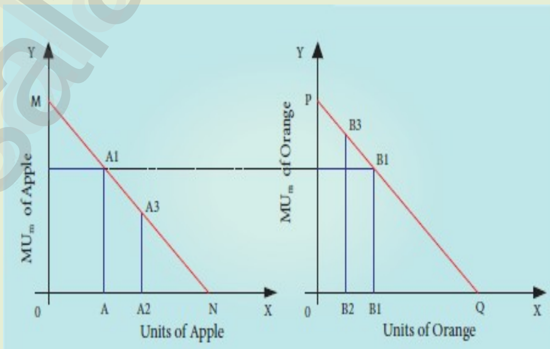
$$\text{Equi-marginal} = \frac{MUA}{PA} = \frac{MUO}{PO} = K$$

Assumption:

- The consumer is rational in the sense that he wants to get maximum satisfaction.
- The utility of each commodity is measurable in cardinal numbers.
- The marginal utility of money remains constant.

Explanation:

- X axis represents the amount of money spentand Y axis represents the mariginal utilities of apple and orange respectively.
- If the consumer spends ₹10 on Apple and ₹4on Orange, the marginal utilities of both are equal i.e.,AA1=BB1 (5=5).
- Hence, he gets maximum utility.



What are the methods of measuring elasticity of demand?

Methods :

- **The percentage method**
- **Total outlay method**
- **Point elasticity method**

Table 2.6 Total Outlay Method

Price	Quantity Demanded	Total Outlay	Elasticity
150	3	450	e > 1
125	4	500	e = 1
100	5	500	e <1
75	6	450	

i). The percentage method

$$e_p = \frac{\Delta Q}{\Delta P} \times \frac{P}{Q}$$

It is also known as ratio method, when we measure the ratio as:

$$e_p = \frac{\%\Delta Q}{\%\Delta P}$$ where,

$\%\Delta Q$= percentage change in demand

$\%\Delta P$ = Percentage change in price

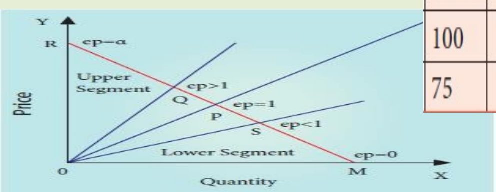


Diagram 2.14

ii). Total outlay method

The examines the change in total outlay of the consumer or total revenue of the firm.

Total revenue	=	(Price x Quantity sold)
TR	=	(P x Q)

iii). Point Elasticity Method:

It is a linear demand curve is shown by the ratio of the segments of the line to theright and to the left of the particular point.

$$Ep = L / U$$

47 **Explain various steps of deductive and Inductive methods?**

Steps of Deductive method:

Step 1: The analyst must have a clear and precise idea of the problem to be inquired into.

Step 2: The analyst clearly defines the technical terms used in the analysis. Further, assumptions of the theory are to be precise.

Step 3: Deduce hypothesis from the assumptions taken.

Step 4: Hypotheses should be verified through direct observation of events in the real world and through statistical methods.

Steps of Inductive methods:

Step 1: Data are collected about a certain economic phenomenon. These are systematicallyarranged and the general conclusions are drawn from them.

Step 2: By observing the data, conclusions are easily drawn.

Step 3: Generalization of the data and then Hypothesis Formulation

Step 4: Verification of the hypothesis (eg.Engel's law)

Elaborate the nature and scope of Economics?

Nature:

- A Law expresses a causal relation between two or more than two phenomena.
- Marshall states that the Economic laws are statement of tendencies, the laws function with cause and effect.
- Economic laws are not as precise and certain.
- Economic laws are not inviolable
- The use of the assumption other things remaining the same.

Scope:

- All human activities related to wealth constitute the subject matter of economics.
- Production consumption and capital formation are called the basic economic activities.
- The flow chart gives the scope of economics.

@*@*@*@*@*@*@

- ❖ **All of the above I mentioned is my own proposed list.**
- ❖ **This is not final decision.**
- ❖ **This subject to be changed.**
- ❖ **If there is any error in this, please correct it.**

PREPARED BY

P.VAHEESWARAN *M.COM., M.PHIL. DCA., B.ED*

VICE- PRINCIPAL

PG ASSISTANT OF COMMERCE & ACCOUNTANCY

VIVEKANANDA VIDYALAYA MATRIC HR SEC SCHOOL

PANNAIKADU PIRIVU, KODAIKANAL MAIN ROAD,

DINDIGUL DISTRICT.

CELL: 9791324143 EMAIL: npvasu92@gmail.com