

Sample Paper-01 (2016-17)
Economics
Class - XI

Answers

1. Economics is the study of how people and society choose the scarce resources that could have alternative uses to satisfy their unlimited wants.
2. Mode = 3 median - 2 mean
3. The correlation is said to be negative when the variables move in opposite direction.
4. Following arguments are given in favour of economics as a science.
 - (a) Systematized study
 - (b) Scientific Laws.
 - (c) Cause and effect relationship.

5. Frequency Distribution

Marks	Tally Bar	Frequency
15		3
20		3
25		4
30		5
35		2
40		4
45		1
50		3
		N = 25

6. Increase in wages of each worker = Rs.20
 Total increase in wages = $50 \times 20 = \text{Rs.}1000$
 Total wages before increase in wages = $50 \times 200 = 10000$
 Total wages after increase in wages = $10000 + 1000 = \text{Rs.}11000$
 New average wage = $\frac{\sum X}{N} = \frac{11000}{50} = \text{Rs.}220$
 Thus, mean wage will increase by Rs.20.
7. Range = L - S
 Here, L = Largest value, S = Smallest value
 $\therefore L = 30, S = 5$
 $\therefore \text{Range} = 30 - 5 = 25$
 Coefficient of Range = $\frac{L - S}{L + S} = \frac{30 - 5}{30 + 5} = \frac{25}{35} = 0.714$
8. (a) Coefficient of correlation lies between -1 and +1.
 (b) It is independent of change of origin and scale.
 (c) The converse of the theorem i.e. $r = 0$, is not true.
9. Simple Average of Price Relative Method: According to this method, first of all price relative are obtained for various items and then take simple average of the entire price relative.

$$\text{Price Relative } (P_{01}) = \frac{\text{Current Year Price } (p_1)}{\text{Base Year Price } (p_0)} \times 100$$

We can find out price index number of the current year by using the following formula

$$P_{01} = \frac{\sum \left[\frac{P_1 \times 100}{P_0} \right]}{N}$$

Here, $\frac{P_1}{P_0} \times 100$ = Price relative, N = Number of goods, P_1 = Current year's price, P_0 = Base year's value

10. (a) (1) Comprehensiveness.
 (2) Clarity
 (3) Homogeneity
 (4) Suitability
 (5) Stability
 (6) Elastic
- (b) (1) Simple and brief presentation.
 (2) Easy analysis
 (3) Economical

11.

Items	P_0	P_1	$R = \frac{P_1}{P_0} \times 100$	Weights (W)	Weighted Relative (RW)
Food	39	47	120.51	4	482.04
Fuel	8	12	150	1	150
Cloth	14	18	128.57	3	385.71
Rent	12	15	125	2	250
Other	25	30	130	1	120
				$\sum W = 11$	$\sum RW = 1387.75$

Cost of living index no = $\frac{\sum RW}{\sum W} = \frac{1387.75}{11} = 126.16$

It shows that because cost of living has gone up by 26.16% in 2012 compare to 2004.

12.

Rank R_1	Rank R_2	$D = R_1 - R_2$	D^2
1	6	-5	25
6	8	-3	4
3	3	0	0
9	7	2	4
5	2	3	9
2	1	1	1
7	5	2	4
10	9	1	1
8	4	4	16
4	10	-6	36
$N = 10$		$\sum D = 0$	$\sum D^2 = 100$

$$r = 1 - \frac{6 \sum D^2}{N^3 - N}$$

$$r = 1 - \frac{6 \times 100}{10^3 - 10}$$

$$= 1 - \frac{600}{990} \Rightarrow 1 - 0.606 = 0.394$$

13. Planning Commission formulates plans in India.
14. Integrating the national economy with the world economy through removal of barriers on international trade movements.
15. (a) Devaluation of rupee.
(b) Market determination of exchange rate.
16. In order to encourage private sector, following measures have been adopted
 - (i) The government through its economic policy reduced the number of industries from public sector from 17 to 4.
 - (ii) It has now been planned to reduce the share of public sector investment to 45 %. It increases the share of private sector to 55 %.
 - (iii) Financial corporations cannot insist the industries for conversion of their loans into equity shares.
 - (iv) It has now been decided to increase the participation of general public and workers and selling them the shares of public enterprises.
17. Social justice has three principal dimensions:
 1. To improve standard of living of weaker section of the population.
 2. To reduce income inequalities.
 3. To reduce regional and state inequalities.
18. GLF Campaign was initiated in 1958, which aimed at industrializing the country on a massive scale.
 1. People were encouraged to set up industries in their backyards.
 2. Severe draught caused havoc in China killing about 30 million people.
 3. When Russia had conflict with China, it withdrew its professionals who had been earlier been sent to China to help in the industrialisation process.
19. (a) To make provision for more rational use of scarce land resources.
(b) To raise the production level by motivating farmers and by giving incentives.
(c) To raise standard of living of the rural poor through re-distributive packages and programmes.
(d) To attain planned development of agriculture sector on long term basis.
20. (1) the new economic policy has neglected the agricultural sector as compared to industry, trade and service sector.
(2) Industrial growth recorded a slow down due to cheaper imported goods, lack of infrastructural facilities and non tariff barrier by developed countries.
(3) The new policy has been encouraging a dangerous trend of consumerism, by encouraging the production of luxuries and items of superior consumption.
(4) Growth has been concentrated only in some areas in the service sector such as telecommunication, I.T, Finance, Entertainment, Travel, Real estate and trade, rather than vital sectors such as agricultural and industries which provide livelihood to millions of the people in the country.
21. (a) Purchasing power parity shows the equality of purchasing power among countries, that is quantity of goods and services that can be bought with the unit of money. For ex, 1 Indian Rupee cannot buy the same quantity of goods and services in Pakistan or China as it can buy in India. Similar is the case with Pakistani Rupee and China's Yuan. US Dollar is the universally accepted currency. Therefore, GDPs of different countries are expressed in US Dollar and called 'PPP US \$'.
(b) In China, the role of people in democracy is very limited. The political activities are stopped with local elections that are their role is only in local administration. They can only vote for

mayor, as the Chinese politics is localized, and the governance of the country is nationalized. Schemes and developments projects introduced by the center cannot be spoiled by the state and by local politicians. People, by and large, are not carried away by emotions; rather they are amenable to region and practical possibilities.

22. Benefits of Industrialisation:

- (1) It leaves to an increase in per capita income and provides good to meet high income demands.
- (2) It provides increasing avenues for employment of new and skilled labour force.
- (3) It enables diversification of the market.
- (4) It provides infrastructural facilities like railways, power generations etc for further economic development.

Objectives of industrial licensing:

- (1) Optimum utilization of investible resources.
- (2) To widen and strengthen the industrial base of the economy.
- (3) To prevent concentration of economic power.
- (4) To secure balanced development in country.

23. (a) Infant mortality rate refers to number of infants dying before reaching one year of age per 1000 live births in a year. Low IMR shows better health and sanitation facilities as most of the infants die due to unhygienic and insanitary environment. It is lowest in China with 30 infants and highest in Pakistan with 81 infants. IMR in India is 63.

(b) SAARC, European Union, ASEAN, G8, G20 etc.

(c) Great leap forward was the programme started in China with the aim of industrialization. Under this programme people were encouraged to set up industries in their backyards.

(d) 1) All the three nations started their development path at the same time. India and Pakistan got independence in 1947 and people republic of China was established in 1949.

(2) All three countries had started planning their development strategies in similar ways. India announced its first five year plan in 1951, Pakistan announced in 1956 and China in 1953.

(3) India and Pakistan adopted similar strategies such as creating a large public sector and raising public expenditure on social development.

(4) Till 1980s, all the three countries had similar growth rate and per capita incomes.