
SAMPLE PAPER- 4 (solved)
ECONOMICS (Theory)
Class – XI

Time allowed: 3 hours

Maximum Marks: 90

General Instructions:

- a) All questions in both the sections are compulsory.
- b) Marks for questions are indicated against each.
- c) Question No 1-3 and 13-14 are very short-answer questions carrying 1 mark each. They are required to be answered in one sentence each.
- d) Question No 4-8 and 15-18 are short-answer questions carrying 3 marks each. Answer to them should not normally exceed 60 words each.
- e) Questions No 9 and 19-20 are also short-answer questions carrying 4 marks each. Answer to them should not normally exceed 70 words each.
- f) Questions No 10-12 and 21-23 are long-answer questions carrying 6 marks each. Answer to them should not normally exceed 100 words each.
- g) Question No 24 is OTBA carrying 10 marks (5 marks each).
- h) Answer should be brief and to the point and the above word limit be adhered to as far as possible.

Section A

STATISTICS FOR ECONOMICS

- 1: A good questionnaire should have:
A) Minimum questions. B) Concise. C) Clear. D) All the above.
- 2: Correlation coefficient is dependent on the choice of both origin and scale of observation.
A) True. B) False. C) Both (A) and (B). D) None of these.
- 3: The best average for constructing and index number is:
A) Harmonic mean. B) Arithmetic mean. C) Geometric mean. D) None of these.
- 4: Discuss the three main economic activities.
- 5: Explain briefly the method of collecting data through mailed questionnaire. State its merits and demerits.
- 6: The marks obtained by 10 students in a subject are:

Students	A	B	C	D	E	F	G	H	I	J
Marks	85	60	50	75	55	40	55	70	45	65

Calculate arithmetic mean by direct method.

7: Calculate the median from the following data:

Marks (less than)	5	10	15	20	25	30	35	40
No of Students	4	10	20	30	55	77	95	100

8: A) If mean of a series is 30 and mode is 25. Find Median.

B) The wholesale price index in India is continuously rising over the year 2012 and 2013.
Which value is compromised with the rising wholesale price index?

9: With mean as the base, calculate the mean deviation and compare the variability of the two series A and B.

Series A	10	12	16	20	25	27	30
Series B	10	20	22	25	27	31	40

10: A) Distinguish between exclusive method and inclusive method.

B) Why open – end distributions are used?

11: A) What are the difficulties in the construction of consumer price index?

B) An enquiry into the budgets of middle class families in a certain city gave the following information:

Expenses on	Food	Fuel	Clothing	Rent	Other
	35 %	10%	20 %	15%	20%
Price in 2004 (Rs)	1500	250	750	300	400
Price in 1995 (Rs)	1400	200	500	200	250

What is the cost of living index of 2004 as compared to 1995?

12: Calculate the coefficient of correlation of the following data by spearman's rank correlation method:

X	19	24	12	23	19	16
Y	9	22	20	14	22	18

SECTION B
INDIAN ECONOMIC DEVELOPMENT

- 13: What are the three main central problems of an economy?
- 14: What is the meaning of quantitative restrictions?
- 15: Describe the need for economic reforms.
- 16: Explain the systematic exploitation by the Britishers on the Indian economy?
- 17: Explain the achievements of India in the field of self-reliance. What are the principal dimensions of social justice?
- 18: Give reasons for the re-emergence of poverty in Pakistan?
- 19: What is meant by small scale industries? Explain the three typical characteristics of small scale industries..
- 20: Write a critical review of new economic policy.
- 21: A) Explain the concept of purchasing power parity with the help of an example.
B) What is the role of Chinese in politics?
- 22: What are the benefits of industrialization and what are the objectives of industrial license?.
- 23: A) Give the meaning of infant mortality rate.
B). Mention some examples of regional and economic groupings.
C). Name the programme started in China with the aim of industrialization.
D) Explain the development path of India, Pakistan and China.
- 24: OTBA Questions (10 Marks)
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MARKING SCHEME
STATISTICS FOR ECONOMICS

1. All the above.
2. False.
3. Geometric mean
4. The three components of economics are:
 - a) **Consumption:** As consumers people have limited means, while their wants are unlimited. The way in which they allocate their given income on the purchase of different goods and services, so that their satisfaction is maximized. This is the study of consumption.
 - b) **Production:** Producers also have limited means while they have a wide range of goods and services to choose from their firms and factories. Given prices of different inputs, how do they choose such combination which is least expensive, so that they are able to minimize their cost of production? This is the study of production.
 - c) **Distribution:** Different economic principles on the basis of which income is distributed among owners of the factors of production, such a study is called distribution theory in economics.
5. Under this method questionnaires are mailed to the informants. A letter is attached with the questionnaire giving the purpose of enquiry. It is also assured that the information would be kept secret. The informants note the answers against the questions and return the completed questionnaire to the investigator.

Merits: a) This method is economical in terms of time, money and efforts involved.

b) This method allows wide coverage of the area of study.

Demerits:

- a) If the informants are biased, then the information will also be biased.
 - b) Generally the informants do not take interest in questionnaire and fail to return the questionnaire.
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6.

Students	Marks (X)
A	85
B	60
C	50
D	75
E	55
F	40
G	55
H	70
I	45
J	65
N =10	$\sum X = 600$

So Arithmetic mean= $\bar{X} = \frac{\sum X}{N} = \frac{600}{10} = 60$

Ans= 60 marks

7.

Marks (X)	No of students (f)	c.f
0-5	4	4
5-10	6	10
10-15	10	20
15-20	10	30 (c.f)
(L1)20-25	25 (f)	55 (Median Class)
25-30	22	77
30-35	18	95
35-40	5	100
	$N = \sum f = 100$	

$$\text{Median} = \frac{N}{2} = \frac{100}{2} = 50th$$

50th item lies in the group 20-25

$$\therefore l_1 = 20, c.f = 30, f = 25, i = 5$$

$$\begin{aligned} \text{Median} &= l_1 + \frac{\frac{N}{2} - c.f}{f} \times i \\ &= 20 + \frac{50 - 30}{25} \times 5 = 24 \end{aligned}$$

Ans = Median = 24 Marks

8. A) Mode = 3 Median - 2 Mean

$$25 = 3 \text{ Median} - (2 \times 30)$$

$$25 = 3 \text{ Median} - 60$$

$$3 \text{ Median} = 85 \text{ or Median} = \frac{85}{3} = 28.33$$

B) The value of non equitable treatment to the poor section of the society is compromised here. The rise in wholesale price index hurts more the poor and lower middle class as they have meagre resources to run their life. Rise in prices of essential commodities will lead to sufferings for them.

9.

Series A X_A	Deviations from Mean $X_A - \bar{X}_A$ $ D $	Series A X_B	Deviations from Mean $X_B - \bar{X}_B$ $ D $
10	10	10	15
12	8	20	5
16	4	22	3
20	0	25	0
25	5	27	2
27	7	31	6
30	10	40	15
$\sum X_A = 140$	$\sum D = 44$	$\sum X_B = 175$	$\sum D = 46$

Series A

$$\text{Mean } (\bar{X}_A) = \frac{\sum X_A}{N} = \frac{140}{7} = 20$$

$$\text{Mean Deviation(Series A)} = \frac{\sum |D|}{N} = \frac{44}{7} = 6.28$$

$$\text{Coefficient of M.D.(Series A)} = \frac{M.D.}{\bar{X}_A} = \frac{6.28}{20} = 0.31$$

Series B

$$\text{Mean}(\bar{X}_B) = \frac{\sum X_B}{N} = \frac{175}{7} = 25$$

$$\text{Mean deviation(Series B)} = \frac{\sum |D|}{N} = \frac{46}{7} = 6.57$$

$$\text{Coefficient of M.D.(Series B)} = \frac{M.D.}{\bar{X}_B} = \frac{6.57}{25} = 0.26$$

Since coefficient of mean deviation for series A is more than that of series B, we can say that series A has greater variability as compared to series B.

10. A).

S. No.	Exclusive Method	Inclusive Method
1.	The upper limit of a class-interval is counted in the next immediate class.	Both the limits of a class-interval is counted in the same class.
2.	The upper limit of a class-interval and the lower limit of next class are the same.	The upper limit of a class-interval and lower limit of next class are different. The difference is generally of one.
3.	There is no need of converting it to inclusive method prior to calculation.	For simplicity in calculation, it is necessary to change it into exclusive method.

- B) When few items of the data are very small or considerably large, then they are known as extreme items or extreme values. In order to include such extreme items in the frequency distribution, we may need so many class-intervals that the frequency distribution will become unwieldy. To avoid the unwanted classes, open-end classes are used. For example, class less than '80' is an open-end class in which lower limit is not known. The open-end class can be taken at the beginning or at the end of the frequency distribution. The difficulty with open-end classes is that its mid-point cannot be computed.

11. A) 1. Prices used in the construction of cost of living index are retail prices, which vary from shop to shop, place to place and consumer to consumer. Therefore, index numbers prepared on such prices cannot be used for different places or different classes of people.
2. It includes so many commodities of unstable quality, which will not be used at the different point of time.
3. The ratio of expenditure on different commodities at different point of time and by various persons is not same, which creates difficulties in construction of cost of living index numbers.

Thus there will be variety of cost of living indices depending upon region, group, community etc.

B)

	Price (in Rs)		Price Relatives	Weights	
Commodity	1995 P_0	2004 P_1	$R = \frac{P_1}{P_0} \times 100$ R	W	RW
Food	1400	1500	107.14	35	3749.9
Fuel	200	250	125	10	1250
Clothing	500	750	150	20	3000
Rent	200	300	150	15	2250
Others	250	400	160	20	3200
				$\sum W = 100$	$\sum RW = 13,449.9$

Cost of living index for the year 2004

$$\begin{aligned}
 &= \frac{RW}{W} \\
 &= \frac{13,449.9}{100} \\
 &= 134.499
 \end{aligned}$$

Cost of living index = 134.499. It means there is an increase of 34.499% in prices in 2004 as compared to 1995.

12.

X	Y	R_1	R_2	$(R_1 - R_2)$ D	D^2
19	9	3.5	1	+2.5	6.25
24	22	6	5.5	+0.5	0.25
12	20	1	4	-3	9
23	14	5	2	+3	9
19	22	3.5	5.5	-2	4
16	18	2	3	-1	1
N = 6					$\sum D^2 = 29.50$

Here number 19 is repeated twice in series X and number 22 is repeated twice in series Y.

Therefore, in X, $m = 2$ and in Y, $m = 2$. Rank Coefficient of Correlation (r_k) =

$$1 - \frac{6 \left[\sum D^2 + \frac{1}{12} (m^3 - m) + \frac{1}{12} (m^3 - m) + \dots \right]}{N^3 - N}$$

$$\sum D^2 = 29.50;$$

$$= 1 - \frac{6 \left[29.50 + \frac{1}{12} (2^3 - 2) + \frac{1}{12} (2^3 - 2) \right]}{6^3 - 6}$$

$$= 1 - \frac{6[29.50 + 0.5 + 0.5]}{210}$$

$$= 1 - \frac{6 \times 30.5}{210}$$

$$= 1 - \frac{183}{210} = 1 - 0.871$$

$$= 0.128$$

Rank Coefficient of Correlation = 0.128. There is very low degree of positive correlation.

INDIAN ECONOMIC DEVELOPMENT

13. Three central problems are: A) what to produce and in what quantities. B) How to produce. C) For whom to produce.
14. Quantitative restrictions are non tariff barriers imposed on the amount of imports and exports.
15. Need for economic reforms are following: a) **poor performance of public sector:** public sector was assigned an important role to work for the economic development of India. Except few public enterprises, the overall performance was very disappointing. B) **Deficit in balance of payments:** deficit in balance of payments arises when foreign payments for imports are in excess of foreign receipts from exports. There was slow growth of exports due to low quality and high prices of Indian goods in the international markets. Balance of payments deficit was estimated as Rs 2214 Cr in 1980-81 which rose to a high level of 17367 Cr in 1990-91. C) **Inflationary pressure:** There was a consistent rise in the general price level in the economy. The rate of inflation rose from 6.7% to 16.7%. Such a high level of inflation affected the demand for the Indian products in domestic as well as foreign markets.
16. A). Indian remained an agricultural country throughout the British period and its agricultural sector remained totally backward. There was commercialization of agriculture, to serve the interest of Great Britain.
B). British rulers never permitted to modernize the prevailing industrial structure on India. There was large scale destruction of world famous handicrafts and cottage industries of the country.
c). The British rulers thoroughly exploited the Indian economy through economic drain.
d). By following the policy of discriminating protection, Britishers gained complete control over the entire Indian markets.
17. A). Countries now almost self sufficient in food.
B). with growth of Iron and steel, machine tools and heavy engineering industries, India has made considerable advancement towards self-reliance in capital equipments.

The Objective of social justice as three principal dimensions:

- 1). to improve standard of living of weaker sections of the population.
 - 2.) To reduce income inequalities.
 - 3.) To reduce regional or state inequalities.
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18. 1) Pakistan has failed to bring about stable institutional reforms in agriculture. Accordingly performance in agricultural sector has remained volatile depending on climatic condition.
- 2) For its foreign exchange requirements, Pakistan has relied largely on remittances from abroad and agricultural exports. A setback to these sources of foreign exchange has caused a corresponding setback to the process of growth.
- 3) Lack of political stability in Pakistan has involved huge public expenditure on the maintenance of law and order.
- 4) Pakistan is incurring huge expenditure on building a competitive defence- system, slashing its resources for growth and development.
19. A small scale industry is presently defined as the one whose investment does not exceed Rs 5 Cr.

Three typical characteristics of SSI are: 1) **SSI is labour intensive and therefore employment oriented:** To produce a given output, SSI is expected to use more of labour than capital. 2) **SSI shows locational flexibility and is therefore equality oriented:** It contributes to the equality of growth and development across different regions of the country. 3) **SSI needs small investment and is therefore equity oriented:** SSI needs much smaller investment. It does not cause concentration of economic power. It promotes inter personal equality.

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
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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.
