

# SAMPLE QUESTION FOR

## CLASS-XI

### ECONOMICS

Model Multiple choice type Question (MCQ) Based on Assertion – Reasoning for class-XI (Economics) of the Council Higher Secondary Education, Manipur (COHSEM).

#### **Part – I. Statistics for Economics.**

Directions: Read the following statements- Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

1. **Assertion (A):** Statistics cannot calculate the qualitative aspects of economics.

**Reason (R) :** Qualitative aspects are the aspects that influence the working of an economy, though cannot be expressed in terms of money.

- (A). Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (B). Both Assertion (A) and Reason (R) are true but Reason (R) is not the correct explanation of Assertion (A).
- (C). Assertion (A) is true but Reason (R) is false.
- (D). Assertion (A) is false but Reason (R) is true.

**Ans: (A).**

2. **Assertion (A) :** The index number considers all factors.

**Reason (R) :** The index number is based on samples.

- (A). Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
- (B). Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
- (C). Assertion (A) is false but Reason (R) is true.
- (D). Assertion (A) is true but Reason (R) is false.

**Ans: (D).**

## Source based Questions

Read the following text carefully:

The correlation coefficient between two random variables is a measure of the strength of their linear relationship. The value of correlation coefficient ranges between -1 and +1. The sign indicates the direction of the trend (-ve or ve) and the absolute value quantities the strength of the relationship. It is important to note that the concept of correlation strictly applies for a monotonic relationship. If the variables of interest are related in a non-linear manner, the rank correlation coefficient can be used as a more robust measure of (non-linear) association. It is computed by calculating the correlation coefficient between the ranks of the original variables.

On the basis of the given text and common understanding, answer the following question:

- (i) What is correlation coefficient? Give one example of it. 1x2=2  
(ii) What is the difference between positive and negative correlation coefficient? 2

Ans. (i) Correlation is a statistical method as a statistical technique that measures quantitative relationship between variables. Examples: the relationship between price and demand. 1x2=2

- (ii) Positive correlation occurs when proportional change in two variables is in the same direction. It is directed by  $r = + 1$ .  
On the other hand negative correlation occurs when proportional change in two variables is in the opposite direction. It is devoted by  $r = - 1$ .

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### Part- II, Micro Economics.

Directions: Read the following statements- Assertion (A) and Reasoning (R). Choose one of the correct alternatives given below:

1. Assertion (A) : “No scarcity” means no economic problem.  
Reason (R) : If there is no scarcity, then there would not be economic problem as scarcity is basic reason for economic problem.
- (A). Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B). Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).  
(C). Assertion is true but Reason (R) is false.  
(D). Assertion is false but Reason (R) is true.

**Ans. (A)**

Assertion (A) : At producer’s equilibrium,  $MR=MC$ ,  $MC$  must be rising at the equilibrium level of output.

Reason (R) : At producer’s equilibrium,  $AR$  should at least be equal to  $AVC$ .

- (A). Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).  
(B). Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).  
(C). Assertion (A) is true but Reason (R) is false.  
(D). Assertion (R) is false but Reason (R) is true.

**Ans. (B).**

## Source based question

Read the following text carefully:

The production function is a mathematical expression which relates the quantity of factor inputs to the quantity outputs that result. The short run production function is defined in economics as a period of time where at least one factor of production is assumed to be fixed. The analysis of short run production sets the stage to better understand the supply-side of the market. How producers respond to price depends, in part, on their ability to combine inputs to produce output. This ability is guided by the law of diminishing marginal returns, which states that productivity of variable input declines as more is added to a fixed input. If productivity declines, then more of the variable input is needed as the quantity produced increases. This results in an increase in production cost, which means producers need to receive a higher price.

On the basis of the given text and common understanding, answer the following questions:

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| (i)   | What is production function?                   | 1 |
| (ii)  | Write any one factor of production.            | 1 |
| (iii) | State the law of diminishing marginal returns. | 2 |

- Ans. (i) The production function is a mathematical expression which relates the quantity of factors inputs to the quantity of outputs that results.
- (ii) Land/capital/labour/entrepreneur
- (iii) The law states that the productivity of a variable input declines as more is added to a fixed input. If productivity declines, then more of the variable input is needed as the quantity produced increases.