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CBT FOR MONTH of February 2024 XI- Answer

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

Assertion (A)- An economic problem is necessarily a problem of choice.

Reason (R)- Making a choice is the process of selection from limited alternatives.

Ans. a) is the correct answer

because Statement one is correct and reason is correct explanation of assertion.

2. Suppose the demand and supply equation of a commodity x in a perfect competition market is given by:-

$$QD= 2000-1P$$

$$QS= 1600+3P$$

Calculate the value of equilibrium price (P) and equilibrium quantity (Q) of the commodity x..

Ans:- c) is correct answer because

$$Qd=Qs$$

$$2000-P= 1600+3P$$

$$4P=400$$

$$P=400/4$$

$$=100$$

$$Qs=1600+3P \text{ (put the value of P)}$$

$$=1600+3 \times 100$$

$$1900$$

$$P=100, Q=1900$$

3. The shape of Production Possibility Curve is.....

Ans:- b) is correct answer

PPC is concave-shaped because more and more units of one commodity are sacrificed to gain an additional unit of another commodity. However, if there is unemployment or inefficiency in resource utilisation, then we can produce at any point inside the PPC.

4. _____ refers to those costs which do not vary directly with the level of output.

Ans:- c) is correct answer because

Fixed costs do not vary with the production level. Total fixed costs remain the same, within the relevant range. However, the fixed cost per unit decreases as production increases, because the same fixed costs are spread over more units.

5. A situation where the quantity demanded is more than the quantity supplied at the prevail market price is known as;

Ans:- b) is correct answer because

Economists call this an "excess demand" – the quantity demanded is greater than the quantity supplied at the given price. This is also called a shortage.

6. According to _____, when the relationship is of a quantitative nature the appropriate statistical tool for discovering and measuring the relationship and expressing it in a brief formula is known as correlation.

Ans:- b) is correct answers because

In the words of Croxton and Cowden, "When the relationship is of a quantitative nature, the appropriate statistical tool for discovering and measuring the relationship and expressing it in a brief formula is known as correlation."

7. Which of the following are the problems faced in the construction of index numbers?

Ans:- b) is correct answer because

The decision of objective, selection of base period, selection of commodities, selection of sources of data, selection of 'weights', selection of formula, and more are the several difficulties in the construction of index numbers.

8. Direction: In the following questions, a statement of Assertion (A) is followed by a statement of Reason (R). Mark the correct choice as:

Assertion (A): Fisher 's Index Number is considered the most ideal index. Reason

(R): Ideal index number is the best way of calculating index number.

Ans:- b) is correct answer

Fisher's index lies between the other two indexes. It is referred to as an "ideal" index because it correctly predicts the expenditure index and it satisfies both the time reversal test as well as factor reversal test

9. Read the following statements given below and choose the correct alternative.

Statement 1- The factor reversal test implies that the formula for calculating an index number should be such that it will give the same ratio between one point of comparison and the other.

Statement 2- The time reversal test implies just as the formulas should permit the interchange of 2 items without giving inconsistent results

Ans:- a) is correct answer because

Statement 1- The factor reversal test implies that the formula for calculating an index number should be such that it will give the same ratio between one point of comparison and the other.

Statement 2- The time reversal test implies just as the formulas should permit the interchange of 2 items without giving inconsistent results.

10. Read the following statements given below and choose the correct alternative.

Assertion- wholesale price index measures the relative changes in the price of commodities traded in the wholesale markets.

Reason- wholesale price index is used for forecasting demand and supply.

Ans:- b) is correct answer because

Both Assertion (A) and Reason (R) are the true but Reason (R) is not a correct explanation of Assertion (A).