

* 1 point

September Competency Based Questions - Economics
Class XI

1. When Price rises from Rs 10 to Rs 15, the quantity demanded falls by 30 units. if the original demand is 120 units, calculate Price elasticity of demand.

Mark only one oval.

- 1
- 2
- 0.5
- 0.75

Ans - 0.5.

Elasticity of demand = Percentage change in Quantity demanded / Percentage change in Price

2. What will be nature of elasticity of demand, when the value of Elasticity of demand is greater than 1 * 1 point

Mark only one oval.

- (a) It is a situation of perfectly elastic demand
- (b) It is a situation of perfectly inelastic demand
- (c) It is a situation of elastic demand.
- (d) It is a situation of inelastic demand

Ans - Elastic demand

When Elasticity of demand is greater than 1 it means elastic demand because percentage change in quantity demand is greater than percentage in price.

3. Elasticity of demand tells about the *

1 point

Mark only one oval.

- (a) Direction of change in quantity demanded in response to change in on price of the commodity
- (b) Degree of change in quantity demanded in response to change in own price of commodity
- (c) Absolute change in quantity demanded in response to change in own price of the commodity.
- (d) None of these.

Ans – Degree of change in quantity demanded in response to change in own price of commodity
Elasticity of demand shows degree/magnitude of change in quantity demanded in relation to the price of the commodity. There will be increase in demand. the demand curve will shift to the right

4. From the set of statements given in column I and column II choose the correct pair of statements:

* 1 point

Column I	Column II
A. Demand	(i) Specific quantity to be purchased against a specific price of the commodity.
B. Substitute goods	(ii) Bread and butter
C. Normal goods	(iii) Income effect is negative
D. Increase in demand	(iv) More of a commodity is purchased at its existing price.

Mark only one oval.

- (a) A- (i)
- (b) B-(ii)
- (c) C- (iii).
- (d) D- (iv)

(e) Ans - D (iv)

increase in demand means when there is favourable change in other factors while price remains constant, then there is rightward shift of demand curve. Hence at same price more quantity can be bought/demanded

5. Assertion (A): Expansion in demand leads to an upward movement along the same demand curve. * 1 point

Reason (R): Upward movement along the same demand curve occurs due to an increase in price of the given commodity.

Choose the correct alternatives given below

Mark only one oval.

- (a) Both Assertion(A) and Reason(R) are true and reason is the correct explanation of assertion.
- (b) Both Assertion(A) and Reason(R) are true and reason is not the correct explanation of assertion.
- (c) Assertion(A) is true but Reason(R) is false.
- (d) Assertion(A) is false but Reason(R) is true.

Ans – Assertion(A) is false but Reason(R) is true.

Under expansion of demand there is downward movement along the same demand curve due to fall in price of the commodity

6. As the price of commodity A fell, people began to buy more of it, replacing commodity B." * 1 point

Which effect of the Law of Demand is illustrated?

Mark only one oval.

- a) Income effect
- b) Substitution effect
- c) Inferior good effect
- d) Giffen good effect

Ans -Substitution effect

Substitution effect happens when keeping the Price of Substitute good as constant when there is fall in the price of the commodity, then consumers will prefer the commodity in question. Instead of buying the substitute good, now the consumers will prefer the good in question. Hence the quantity demand of the good will increase.

7. Assertion (A): Price elasticity of demand for salt is very low.. * 1 point

Reason (R): Salt has very few or no substitutes.

Choose the correct option:

Mark only one oval.

- 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 option

Price elasticity demand of Salt is inelastic.

8. Assertion (A): Mean is affected by extreme values. * 1 point

Reason (R): Mean is the sum of all values divided by the number of observations.

Choose the correct alternative

Mark only one oval.

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

Ans -

Mean is the sum of all values divided by number of items. Thus it is affected by extreme values

9. The arithmetic mean of these items: 10, 15, X, 20, 30 is 20. Find out the missing item. * 1 point

Mark only one oval.

- a) 25
- b) 15
- c) 20
- d) 30

Ans – 25

Mean = Sum of all observations / No. of observations

$$20 = (10+15+X+20+30) / 5$$

$$20 * 5 = 75 + X$$

$$100 - 75 = X$$

$$X = 25$$

10. The sum of deviations of different values from the arithmetic mean is always _____ (a) 1 point

Mark only one oval.

- (a) Equal to zero
- (b) Equal to one
- (c) Equal to the sum of values
- (d) Greater than the mean

Ans - Equal to zero

The algebraic sum of the deviations of a dataset's values from its arithmetic mean is always zero. This is because the sum of the positive deviations (values greater than the mean) exactly cancels out the sum of the negative deviations (values less than the mean), resulting in a total sum of zero

