



B.K. BIRLA CENTRE FOR EDUCATION

SARALA BIRLA GROUP OF SCHOOLS
A CBSE DAY-CUM-BOYS' RESIDENTIAL SCHOOL

TERM – I EXAMINATION (2025-26) ECONOMICS

Class: XI
Date: 12.09.25
Roll No.:

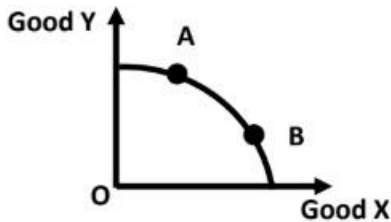
Time: 3 hrs
Max Marks: 80
Admission No.

General Instructions:

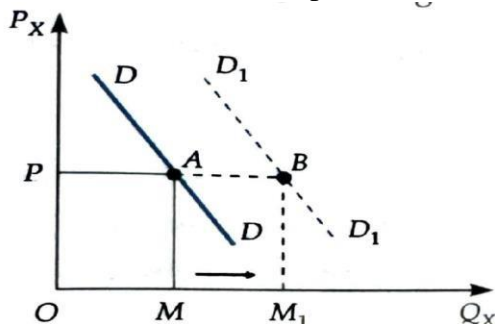
1. This question paper contains one section on MICRO ECONOMICS.
2. This paper contains 20 Multiple Choice Questions of 1 mark each.
3. This paper contains 4 Short Answer Questions of 3 marks each to be answered in 60 to 80 words.
4. This paper contains 6 Short Answer Questions of 4 marks each to be answered in 80 to 100 words.
5. This paper contains 4 Long Answer Questions of 6 marks each to be answered in 100 to 150 words.

MICRO ECONOMICS

1. **Assertion(A):** Opportunity cost is the value of the factor in the next best alternative use. 1)
Reason(R): It refers to the loss of output of Good-Y when resources are shifted from the production of Good-Y to the production of Good-X.
(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(A) is False but Reason(R) is True
2. Which of the following best describes the central problem of 'For whom to produce'? 1)
(Choose the correct alternative)
(a) Whether rich or poor will purchase the commodities (b) Who will purchase the commodities
(c) The distribution of national income * (d) None of these
3. Unemployment is reduced due to measures taken by the government. How will it affect the PPC? 1)
(a) Leftward Shift (b) Unchanged PPC *
(c) Rightward Shift (d) None of the above
4. Which of the following is a statement of normative nature in economics? 1)
(a) Economics is a study of choices /alternatives
(b) The government should be concerned with how to reduce unemployment *
(c) According to the estimate, in spite of severe shortage, more than 10% of houses in Indian cities are vacant.
(d) Accommodation of refugees is posing a big problem for Europe.
5. In the given figure, the movement on the production possibility curve from point A to point B 1)
shows _____.
(a) Growth of all the resources in the economy. (b) Underutilisation of resources.
(c) Production of more units of Good X and less units of Good Y. *
(d) Production of more units of Good Y and less units of Good X.



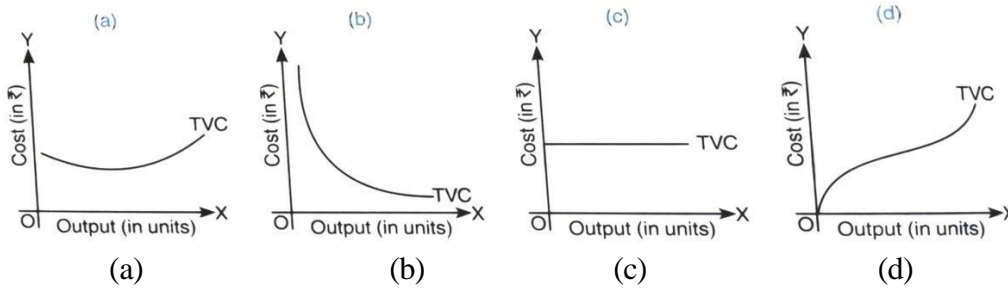
6. In case of Giffen's Paradox the slope of demand curve is 1)
 (a) Negative (b) Positive
 (c) Parallel to X-axis (d) Parallel to Y- axis
7. When percentage change in demand is less than percentage change in price, demand is: 1)
 (a) Perfectly inelastic (b) Perfectly elastic
 (c) More than unitary elastic (d) Less than unitary elastic
8. The cause of shift from point A to B in the given figure is because of _____. 1)



- (a) Decrease in price of complementary goods (b) Increase in price of substitute good
 (c) Expectation of price rise in future (d) All of these
9. **Assertion (A):** At every point on the rectangular hyperbola curve $P \cdot ed = 1$ 1)
Reason (R): The percentage change in price along the demand curve always leads to equal percentage change in quantity.
10. Which of the following is not an assumption for the law of diminishing marginal utility ? 1)
 a) Homogenous units of the commodity consumed
 b) Continuous consumption without the time gap
 c) Constant marginal utility of money
 d) Change of taste, preference and choice of the consumer. *
11. **Assertion (A):** Budget Line / Price Line is a line showing different combinations of two goods which a consumer can attain when he spends his entire income on these goods, and the market price of the goods are known. 1)
Reason (R): Slope of Budget Line / Price Line shows the rate at which market price allows the consumer to substitute Good-X for Good-Y. It is expressed as P_x / P_y
 (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 (A) is false but Reason (R) is true
12. If a consumer spends his entire income (M) on Y commodity and nothing on X commodity, 1)
 he will purchase what quantity of Y commodity?
 (a) $\frac{M}{P_y}$ * (b) $5 > \frac{5}{5}$
 (c) $MRS > \frac{P_x}{P_y}$ (d) None of the above

13. Which diagram correctly depicts total variable cost curve?

1)



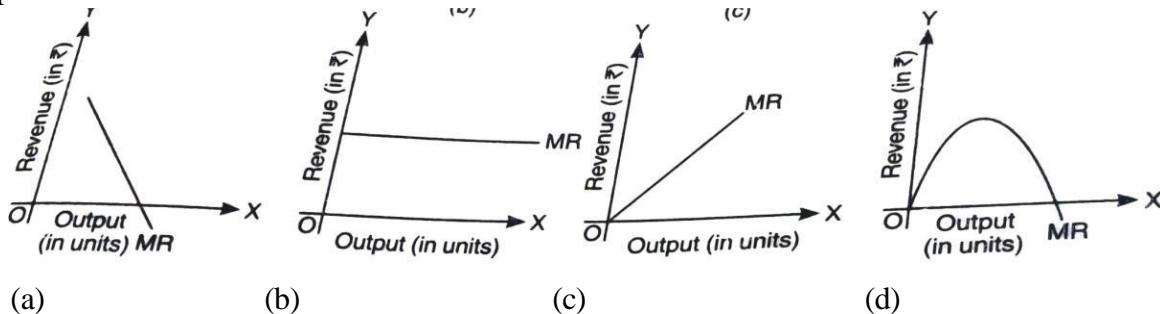
14. The average fixed cost at 4 units of output is Rs.20. Average variable cost at 5 units of output is Rs.40. Average cost of producing 5 units is:

1)

- (a) Rs.20 (b) Rs.40
(c) Rs. 56 (d) Rs. 60

15. Identify the correct MR curve from the following options when price remains same with rise in output.

1)



16. **Assertion:** Total cost curve and total variable cost curve are parallel to each other.

1)

Reason: The vertical distance between TC and TVC curves is TFC, which remains constant at all levels of output.

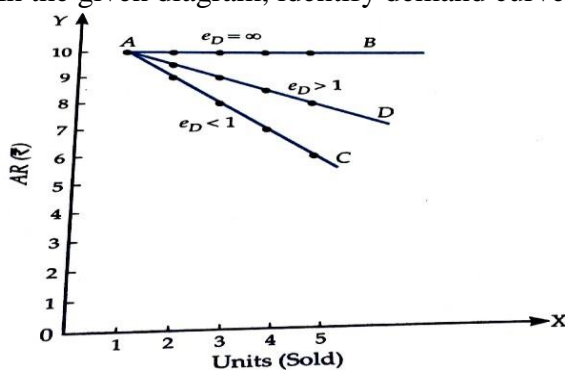
17. When marginal product rises, total product: (Choose the correct alternative)

1)

- (a) falls (b) rises
(c) can rise or can fall (d) remains constant

18. In the given diagram, identify demand curve for a firm in monopolistic competition.

1)



- (a) AC (b) AD
(c) AB (d) none of these

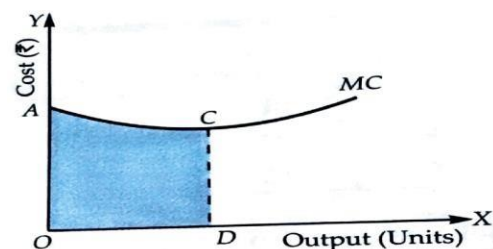
19. Identify the phase of production function in which TP increases at an increasing rate and MP also increases.

1)

- a) Increasing returns to a factor b) Decreasing returns to a factor
c) Diminishing returns to a factor d) Negative returns to a factor

20. The area under the given curve is:

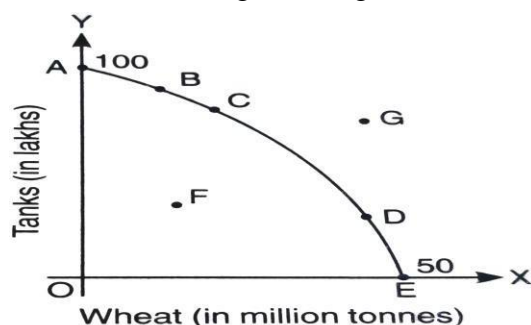
1)



- (a) TC (b) TVC
(c) AC (d) AVC

21. On the basis of the given diagram, answer the following questions:

3)



- (i) On the production possibility curve AE, if the economy decides to produce 50 million tonnes of wheat, then how many tanks it can produce?
(ii) If there is growth in resources, what will happen to the production possibility curve?
(iii) Which point in the diagram represents underutilisation of resources?

OR

Distinguish between Microeconomics and Macroeconomics. Give examples.

22. Write true or false with reasons.

(3)

- (a) When quantity demanded of a commodity does not change with change in price, then Coefficient of price elasticity of demand is zero.
(b) A rise in price of tea will lead to an upward movement in the demand curve of coffee.

23. Explain the degrees of Elasticity of Demand with diagrammatic presentation in case:

3)

- a) Elasticity of demand is less than one
b) Elasticity of demand is greater than one
c) Elasticity of demand is equal to one

OR

When will rise in demand be called 'expansion' of demand and when will it be called an 'increase' in demand? Use diagram.

24. With the help of a diagram, state the behaviour of MP when:

(3)

- (a) TP of the variable factor reaches a maximum.
(b) TP of the variable factor falls.

25. A country produces two commodities: X and Y. Its production possibilities are shown in the following schedule:

(4)

Possibility	A	B	C	D	E	F
Commodity X	20	14	9	5	2	0
Commodity Y	0	1	2	3	4	5

- (a) Calculate Marginal rate of transformation (MRT)
- (b) Construct a PPF with the help of various possibilities.
- (c) Comment on the shape of PPF along with its reason.
- (d) State two assumptions of PPF.

26. State whether the following statements are True or False giving proper reasons.

4)

- a) Macroeconomics deals with study of cotton textile industry.
- b) Central problems are found only in the developing economies like India and Bangladesh and not in developed countries like USA.
- c) Economy can never operate outside the production possibility frontier with the given resources and technology.
- d) 'No Scarcity' means no economic problem.

27. a) Explain law of Demand diagrammatically. Give two assumptions.

2)

b) What are Giffen goods and how are they an exception to the law of demand?

2)

28. Diminishing marginal rate of substitution operates in the indifference curve analysis.

4)

Do you agree? If so, justify it with schedule and diagram.

OR

A consumer buys 30 units of a good at a price of Rs.10/- per unit. Price elasticity of demand for the good is (-)1. How many units the consumer will buy at a price of Rs.9/- per unit? Calculate.

29. Complete the following table:

4)

OUTPUT	AVC	TC	MC
1	---	60	20
2	18	---	---
3	---	---	18
4	20	120	---
5	22	---	---

30. Explain explicit and implicit costs with examples.

4)

OR

Explain the relation between AC and MC with the help of a diagram.

31. Read the passage and answer the questions:

A firm's revenue is the money that it earns from selling its product. Revenues equal the number of units that a firm sells times the price at which it sells each unit. There are two ways in which firms can obtain higher revenues: sell more products or sell at a higher price. So if a firm wants to make a lot of revenue, it should sell a lot of its product at a high price. Then again, you probably do not need to study economics to figure that out. The problem for a manager is that her ability to sell a product is limited by what the market will bear. Typically, we expect that if she sets a higher price, she will not be able to sell as much of the product. Equivalently, if she wants to sell a larger quantity of product, she will need to drop the price.

(A) (i) Which type of market form is referred to in the above passage?

1)

(ii) What is the shape of AR and MR curves when more units of a product are sold at the same price. Show with schedule and diagram.

3)

(B) Draw shapes of AR and MR curves under monopolistic competition and monopoly.

2)

- 32. (A)** Differentiate between Positive and Normative Economics with examples. 3)
- (B)** Explain the problem of 'How to Produce' with the help of PPC. 3)
- 33. (A)** Arrange the following coefficients of elasticity of demand in ascending order: 1)
-0.87, -0.53, -3.1, -0.80
- (B)** The initial demand for a commodity is 80 units, the demand falls by 4 units due to rise in price by Rs.10. If price elasticity of demand is 1.5, calculate the price before change in demand. 3)
- (C)** What is the effect felt on the demand for B commodity, if the price of A commodity falls and both A & B are complements. Draw diagram. 2)
- OR**
- (A)** Why are some goods considered as inferior goods for one person and normal goods for another person? 2)
- (B)** Explain articles of distinction as an exception to the Law of Demand. 2)
- (C)** Explain income effect justifying the inverse relation between price and demand. 2)
- 34. (A)** Draw AFC, AVC, AC and MC in one diagram. Also explain why AVC and AC are U-shaped. 4)
- (B)** Distinguish between fixed costs and variable costs. Give an example of each. 2)
- OR**
- (A)** State the behaviour of marginal product in the law of variable proportions diagrammatically. Explain one cause each of this behaviour. 4)
- (B)** What is point of inflexion? Label it in the above diagram. 1)
- (C)** How is average revenue equal to price? 1)

*****ALL THE BEST*****

