B.K. BIRLA CENTRE FOR EDUCATION

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

TERM - I EXAMINATION (2026-27)
ECONOMICS

Class: XI | **Time: 3 hrs**
Date: 07.09.26 | **Max Marks: 80**
Admission no: | **SET – I** | **Roll no.:**

General Instructions:

(i) This question paper contains 34 questions. All questions are compulsory.
(ii) This question paper contains 20 Multiple Choice type questions. Each question carries 1 mark.
(iii) This question paper contains 4 Short Answer Type-I questions. Each question carries 3 marks. Answer these questions in 60 to 80 words.
(iv) This question paper contains 6 Short Answer Type-II questions. Each question carries 4 marks. Answer these questions in 80 to 100 words.
(v) This question paper contains 4 Long Answer type questions. Each question carries 6 marks. Answer these questions in 100 to 150 words.
(vi) Attempt all parts of a question together.
(vii)There is no overall choice in the question paper. However, an internal choice has been provided in few questions. Only one of the choices in such questions has to be attempted.

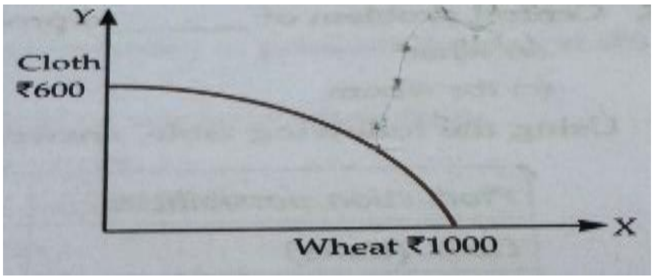
(MICRO ECONOMICS)

1. Statement-1: How to produce refers to which goods and services are to be produced and how much quantity of each good or services is to be produced. 1)
Statment-2: What to produce refers to whether Labour Intensive Technique or Capital-Intensive Technique.
a) Both the statement are true
(b) Both the statements are false
c) Statement 1 is true and Statement 2 is false
(d) Statement 2 is true and Statement 1 is false

2. 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

3. Positive economic involves statements which are: 1)
(a) Verifiable
(b) not verifiable
(c) may or may not be verifiable
(d) none of these

4. Opportunity cost of growing wheat is__________. (Diagram next page) 1)
a) Rs 1000 b) Rs 600 c) Rs 400 d) Rs 1600



5. Assertion(A): Microeconomics deals with central problem of allocation of resources. 1)

Reason(R): Price is the determinant to solve problems in microeconomics.

(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

6. In case of Giffen's Paradox the slope of demand curve is 1)

(a) Negative (b) Positive

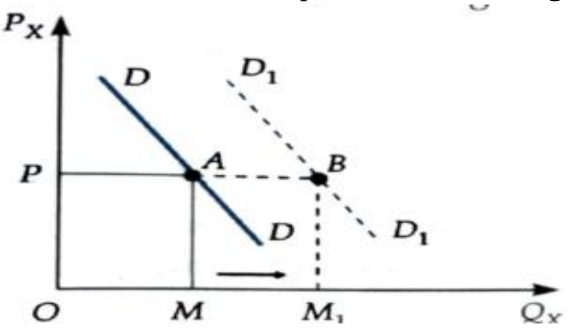
(c) Parallel to X-axis (d) Parallel to Y- axis

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. Price of a good 'X' rises from Rs.20 per unit to Rs.40 per unit. The consumer buys the same Quantity, he bought at Rs.20 per unit. What would be price elasticity of demand? 1)

(a) infinity (b) zero

(c) one (d) less than one

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 Px / Py.

12. Which one of the followings is correct? 1)

a) When MP is positive and falling, TP rises at decreasing rate

b) When MP is rising TP rises at an increasing rate

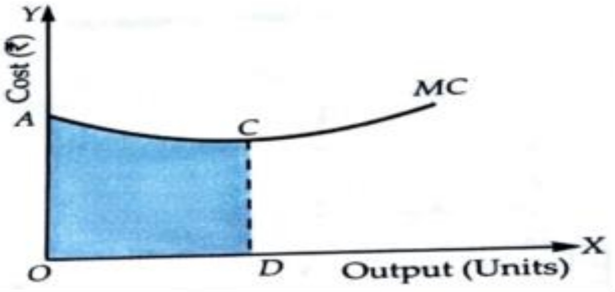
c) When MP is negative and falling, TP falls

d) All of these

13. When MC curve cuts AC curve: 1)

(a) AC = MC | (b) AC < MC
(c)AC > MC | (d) Both AC and MC are falling

14. The area under the given curve is: 1)

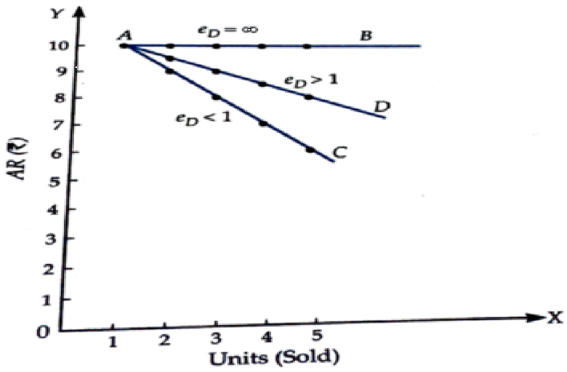


(a) TC | (b) TVC
(c) AC | (d) AVC

15. Which cost refers to actual payment made by the entrepreneur to the providers of factor services; 1)

(a)Explicit cost | (b) Implicit cost
(c)Variable cost | (d) Fixed cost

16. In the given diagram, identify demand curve for a firm in monopolistic competition. 1)



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

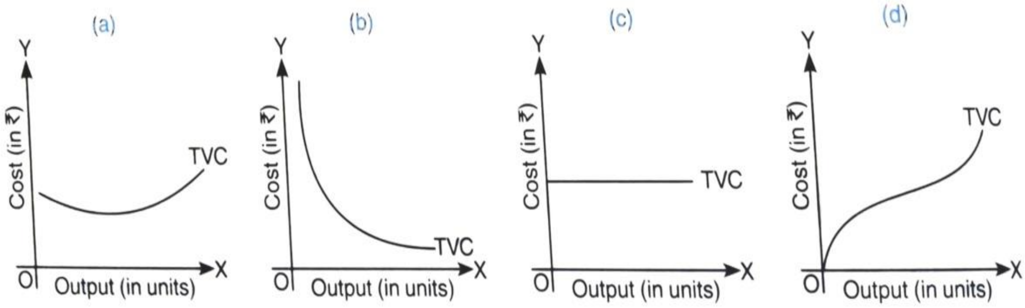
17. When TR be a horizontal straight line, MR will be? 1)

(a) Maximum | (b) Minimum | (c) Constant | (d)) Zero

18. 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

19. Which diagram correctly depicts total variable cost curve? 1)



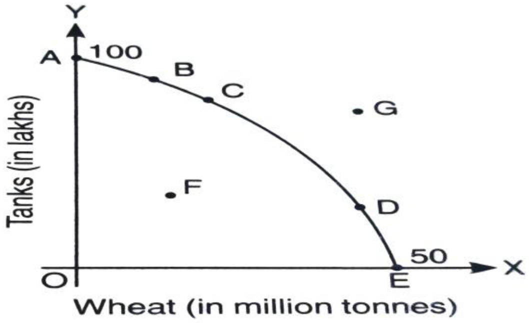
(a) (b) (c) (d)

20. An increase in price of inputs will shift the supply curve: 1)

a) to its left b) to its right

c) no change d) none of these

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. State whether the following statements are True or False giving proper reasons. 3)

a) Central problems are found only in the developing economies like India and Bangladesh and not in developed countries like USA.

b) Economy can never operate outside the production possibility frontier with the given resources and technology.

c) 'No Scarcity' means no economic problem.

23. 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.

24. How would you as a consumer react to the situation when the slope of your indifference curve is greater than the slope of your budget line? 3)

OR

Explain 'Income Demand' and 'Cross Demand'.

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. Shreya has Rs100 to spend on two commodities, X and Y, priced at Rs.5 and Rs.10 each and MU_M is equal to one util and is exogenously determined (given and constant). Also, she will be spending whole of her money income on the consumption of these two goods only. 4)

Find the level of consumption of the two goods where she would maximise her satisfaction and total utility, if you are given her utility schedule as follows, along with the above information:

Units	1	2	3	4	5	6	7	8	9	10
MU_X	60	55	50	45	40	35	30	25	20	15
MU_Y	100	90	80	70	60	50	40	30	20	10

27. (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)

28. When will rise in demand be called 'expansion' and when will it be called an 'increase' in demand? Explain with the help of diagrams. 4)

OR

(A) Draw diagrams to show when elasticity of demand is: 3)
a) Less than one b) Equal to one c) Equal to zero
(B) Explain the effect of: change in the price of substitute on demand of a good. 1)

29. Explain the relation between AC and MC with the help of a diagram. 4)

OR

Draw AFC, AVC, AC and MC in one diagram. Also explain why AVC and AC are U-shaped.

30. Giving reasons, state whether the following statements are true or false. 4)
(i) Total product always increases whether there is increasing returns or diminishing returns to a factor.
(ii) Total product will increase only when marginal product increases.

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) Why are some goods considered as inferior goods for one person and normal goods for another person? 2)
(B) Explain Giffen goods as an exception to the Law of Demand. 2)
(C) Explain income effect justifying the inverse relation between price and demand. 2)

33. (A) Explain how the following factors affect the supply of the commodity? 3)
a) State of technology
b) Government taxation policy.

(B) Complete the following table: 3)

Output (Units)	Total Variable Cost (□)	Average Variable Cost (□)	Marginal Cost (□)
1	10	---	---
2	---	8	6
3	27	---	---
4	---	10	13

OR

(A) Explain the Law of Variable Proportions with a table and diagram showing the various stages. 4)

(B) In which stage will a producer like to produce and why? 2)

34. (A) Explain the Law of Diminishing Marginal Utility with the help of a schedule and a diagram. Also explain the relation between Marginal Utility (MU) and Total Utility (TU) 4)

(B) Distinguish between Individual demand and Market demand. Draw diagrams. 2)

OR

(A) Explain consumer's equilibrium in a single commodity case according to utility analysis using a hypothetical example. 4)

(B) Highlight any two properties of indifference curves with diagrams. 2)

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