B.K. BIRLA CENTRE FOR EDUCATION

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

PRE MID – TERM TEST 2025-26
ECONOMICS

Class: XI	**Time: 1hr**
Date: 02.08.25	**Max Marks: 25**
Admission no:	**Roll no.:**

General instructions: All questions are compulsory:

1) Read the following statements carefully and choose the correct alternatives given below: 1)
Statement 1: The problem of How to produce is a problem of resource allocation.
Statement 2: For Whom to Produce is also called the problem of distribution of national income among the factors of production.
Alternatives:
a) Statement 1 is true and statement 2 is false
b) Statement 1 is false and statement 2 is true
c) Both Statement 1 and 2 are true
d) Both Statement 1 and 2 are false

2) An economy can achieve the objective of growth of resource through: 1)
a) Improvement in technology only
b) Increase in supply of resource only
c) Improvement in technology and increase in supply of resource
d) None of the above

3) If $MU_x / P_x > MU_Y / P_Y$, then to reach the equilibrium position, consumer should: 1)
a) Buy more of good Y and less of good X   b) Buy more of good X and less of good Y
 c) Buy both in equal quantity   d) Stop buying good Y.

4) Read the following assertion and reason carefully and choose the correct alternative from the following   1)
Assertion (A): An indifference curve is always convex to the origin.
Reason (R: MRS always diminishes because of the law of diminishing marginal utility.
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is 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 the Reason (R) is false.
(d) Assertion (A) is false but the Reason (R) is true.

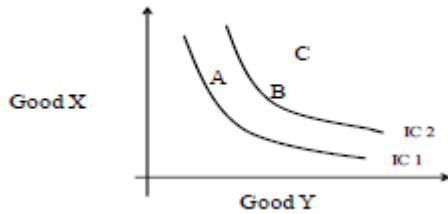**5)** Find the missing figures and choose the correct alternative:

Units	1	2	3	4
TU	20	32	**(b)**	41
MU	20	**(a)**	7	2

a) a - 14, b – 40   b) a – 12, b – 39
c) a – 10, b – 38   d) a – 11, b – 36

6) Read the following diagram carefully and answer the given questions.   3)

Good X

A

B

C

IC 2

IC 1

Good Y

1. In the above given indifference curves IC₁ and IC ₂, which indifference curve will be preferred by the consumer and why?
2. Whether consumer is able to purchase the combination indicated at point C? If so why?
3. Out of the given points A and B, which point will be preferred by the consumer? Why?

7) What is the difference between Opportunity Cost and Marginal opportunity cost?   3)

8) What do you understand by Production Possibility Curve (PPC)? Mention the main features of PPC using diagram.   4)

9) A consumer consumes only two goods, good X and good Y. Suppose Marginal utility obtained from Good X is more than that of the good Y, how can he reach equilibrium?   4)

10) (a)
A consumer is in equilibrium. A consumer consumes only two goods X and Y. His money income is Rs.200/- and the prices of Good X and Good Y are Rs. 40/- and Rs.20/- respectively.   4)
i) Write two combinations of X and Y which lie on the budget line.
ii) Write two such combinations of X and Y which are part of his budget set but do not lie on the budget line.
iii) What is the equation of budget line and its slope?
iv) What will be the MRS when the consumer is in equilibrium? Explain.

(b) A consumer Mr.Aman is in equilibrium consuming two goods X and Y, with given prices P_x and P_y.   2)
Explain with hypothetical figures, what will happen if Price of Y falls.

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