CHAPTERWISE QUESTION BANK FOR CLASS : XI
MICROECONOMICS

CHAPTER -1 : INTRODUCTION

Q1.What does the slope of PPF indicate?
Q2.Scarcity and Choice go together". Comment.
Q3.Q. "An economy always produces on, but not inside, a PPC", Defend or refute the statement.
Q4.Which of the following is a statement of normative nature in economics?
a) Economics is study of choices/alternatives.
b) Government should be concerned with how to reduce unemployment
c) According to an estimate, in spite of severe shortage, more than 10% of houses in Indian cities are lying vacant.
d) Accommodation of Refugees is posing a big problem for the Europe
Q5.State and discuss any two factors that will shift the Production Possibility Frontier (PPF) to the right.
Q6.Explain the central problem of 'for whom to produce'.
Q7. What is the effect of 'a growth in resources' on a production possibility frontier? Explain with the help of a diagram.
Q8. In what sense is the problem of 'how to produce' a central problem of an economy?
Q9. Explain the central problem of 'what to produce 'with the help of an example.
Q10.A teacher can do three jobs – teach in a school, take home tuitions or write books. She earns Rs 1 lakh per annum from teaching, 1.5 lakh per annum from tuitions and Rs 3 lakh per annum as royalty from the sale of her books. What is the opportunity cost of writing books?

CHAPTER -2 : CONSUMER EQUILIBRIUM

Q1.Law of DMU operates only with continuous consumption. True or false? Give reasons.
Q2.Define a budget line. When can it shift to the right?
Q3.What changes will take place in TU, when: (i) MU curve remains positive; (ii) MU becomes '0' ; (iii) MU is negative.
Q4.State the conditions of consumer's equilibrium in the Indifference Curve Analysis and explain the rationale behind these conditions.
Q5.A consumer consumes only two goods X and Y whose prices are Rs.4 and Rs.5 per unit respectively. If the consumer chooses a combination of the two goods with marginal utility of X equal to 5 and that of Y equal to 4, is the consumer in equilibriumRs.Give reasons. What will a rational consumer do in this situation? Rs. Use utility analysis.
Q6.a)A consumer, Mr Aman is in state of equilibrium consuming two goods X and Y, with given prices Px and Py . What will happen if MUx>MUy?
b) Identify which of the following is not true for the Indifference Curves theory. Give valid reasons for choice of your answer:

a.Lower indifference curve represents lower level of satisfaction.
b.Two indifference curves can intersect each other.
c.Indifference curve must be convex to origin at the point of tangency with the budget line at the consumer's equilibrium.
d.Indifference curves are drawn under the ordinal approach to consumer equilibrium.
Q7.A consumer has total money income of 500 to be spent on two goods X and Y with prices of 50 and 10 per unit respectively. On the basis of the give
n information, answer the following questions:
Give the equation of the budget line for the consumer.
What is the value of slope of the budget line?
How many units can the consumer buy if he is to spend all his money income on good X?
How does the budget line change if
Q8.State the law of diminishing marginal utility.
Q9.Explain three properties of indifference curves.
Q10. The prices of Good X and Good Y are Rs 4 and Rs 2 respectively and a consumer's income is Rs 40. Answer the following questions:
a. Can the consumer consume a bundle 5X, 10Y?
b. If MRSxy is 3, is the consumer in equilibrium? Justify.
c. What should the consumer do to maximize satisfaction, given her budget constraint? Explain.

CHAPTER -3 : THEORY OF DEMAND

1. What is meant by demand for a commodity?
2. If an increase in the price of Good X leads to a fall in the demand for Good Y, then how are the two goods related?
3. If the demand function for a good is given by Qx=20-2Px, how much is the quantity demanded when the price is Rs 4/unit?
4. The market for pens has three consumers – A, B and C. If the individual demand for pens at a price of Rs 5/pen for A, B and C is 3 pens, 7 pens and 12 pens respectively, then what is the market demand for pens at a price of Rs 5/pen?
5. A fall in the price of lemon tarts leads to a fall in the demand for lemon cheesecake. How are the two goods related?
6. What is a change in quantity demanded called when the demand for a good falls due to a rise in its own price?
7. What is the effect on the demand curve of a normal good when the income of a consumer decreases?
8. What are substitute goods?
9. What is a demand function?
10. What is a decrease in demand?
demand of a commodity:
(i) A fall in the price of complementary goods (ii) A fall in the price of substitute goods

Q11. Explain the effects of a change in income of a buyer on the demand for a good.
Q12.State three causes each for a rightward shift and a leftward shift of a demand curve.
Q13.Explain the term ‘change in demand’ and represent the same graphically. Also state three factors responsible for change in demand.
Q14. Explain with the help of diagrams the effect of the following changes on the market demand of a commodity:
(i) The number of users increases
(ii) A rise in the income of the buyers if the commodity is inferior
Q15.Distinguish between contraction of demand and decrease in demand with the help of diagrams.

CHAPTER -4 : ELASTICITY OF DEMAND

Q1. A consumer spends Rs. 250/- on a good when its price is Rs. 10/- per unit. When the price rises to Rs. 11/- per unit, he spends Rs. 240/-. Calculate the price elasticity by the percentage method.
Q2. As a result of a 10% fall in the price of a good, its demand rises from 200 to 240 units. Find out the price elasticity of demand. Is its demand elastic?
Q3. Price elasticity of demand of a good is (-)2. 100 units of this good are bought at a price of Rs. 10/- a unit. How many units will be bought at a price of Rs 11/- per unit?
Q4. The slope of a demand curve is -0.4, calculate is the elasticity of demand, if at an initial price of Rs. 5/- per unit, the initial quantity demanded was 20 units of the commodity.
Q5.A consumer buys 2,000 units of a good at a price of Rs. 10/- per unit. When the price falls he buys 2,500 units. If price elasticity of demand is -2, what is the new price?
Q6. A consumer buys 10 units of a good at a price of Rs. 4/- per unit. When price falls by Rs 1/- per unit, he buys 20 units. Calculate the price elasticity of demand.
Q7. At a price of Rs. 20/- per unit the quantity demanded of a commodity is 400 units. If the price falls by 10%, its quantity demanded rises by 90 units. Calculate its price elasticity of demand.
Q8.Draw demand curves showing price elasticity of demand equal to
(i) unity (ii) infinity (iii) zero.
Q9. Explain how the availability of close substitutes for a good affects the price elasticity of demand for that good.
Q10. Explain how the nature of a good affects the price elasticity of demand.

CHAPTER -5 : PRODUCTION FUNCTION

1. Explain the phases of the Law of Variable Proportions in terms of total product. Use a diagram.

2. Explain the likely behaviour of Total Product and Marginal Product when only one input is increased while all other inputs are kept unchanged/Explain the short run law that highlights the returns to a factor.
3. Explain the Law of diminishing returns to a factor with the help of a schedule.
4. State whether the following statements are true or false. Justify your answer.
a. Total product falls only when marginal product falls.
b. Average product rises as long as marginal product rises.
c. Average product is equal to marginal product when marginal product is at its maximum.
5. What is meant by a production function?
6. State the law of variable proportions.
7. What is marginal product of a factor of production?
8. As the variable input is increased by one unit, the total output increases at a decreasing rate. What can be said about marginal product of labour?
9. What happens to marginal product when average product is at its maximum?
10. What do diminishing returns to a factor refer to?

CHAPTER -6 : COST

1.What is meant by costs in economics?
2. Define total cost.
3. What is meant by fixed cost of production?
4. If the average cost of producing 3 units of output is Rs 5, then what is the total cost of producing 3 units?
5. The MC of the 4th unit of output is Rs 10 and the total variable cost of 3 units is Rs 22. What is the TVC of 4 units of output?
6. If the economic cost of producing a pen is Rs 25 and the explicit cost is Rs 15, then What is the implicit cost?
7. Give two examples of explicit costs in a tailoring shop.
8. If the fixed cost of producing 10 units of a good is Rs 60, then what is the average fixed cost of producing 60 units?
9. The marginal cost and total cost of producing 5 units of a good are Rs. 4 and Rs. 24 respectively. What is the total cost of producing 4 units?
10.Classify the following into fixed cost and variable cost giving reasons.
(a) Interest on capital
(b) Call related charges in a telephone bill
(c) Wages to permanent employees

CHAPTER - 7 : REVENUE

1.What is average revenue?
2. What is meant by marginal revenue?
3. When a firm sells its entire output at a fixed price, what will be the shape of AR and MR curves?

4. What is a price line?
5. What change will take place in marginal revenue when TR is increasing at an increasing rate?
6. What is the impact on TR when MR is zero?
7.

. Complete the following table:

Output (units)	Price (Rs)	Total Revenue (Rs)	Marginal Revenue(Rs)
1	7		
2	6		
3	4		
4	2		

8.What will be the effect of the following changes in TR on MR:
a) TR increases at a decreasing rate
b) TR increases at a constant rate
9.Explain the shape of the total revenue curve facing a perfectly competitive firm.
10.Define Profits.

CHAPTER -8 : PRODUCER'S EQUILIBRIUM

1.Define producer's equilibrium.
2. What happens to a firm's profits if at the point where MC = MR its marginal cost is less than marginal revenue at the unit of output after MC=MR?
3. What is the extent of losses that a firm incurs when it produces no output?
4. What is meant by the equilibrium level of output of a firm?
5. What is the break-even level of output?
6. What profits, if any, does a firm earn at break-even level of output?
7. State the general profit maximizing conditions of a firm.
8. Explain what happens when the marginal revenue of a firm is greater than its marginal cost at a given level of output.
9. Explain what happens when the marginal cost of a firm is greater than its marginal revenue at a given level of output.
10.Using a schedule and the marginal revenue – marginal cost approach; explain the point at which a producer maximizes profits.

CHAPTER - 9 : SUPPLY

1.What is meant by market supply?
2. What will happen to the supply curve of cloth if new firms enter the market?
3. What will happen to the supply curve for fans if the excise duty on fans increases?
4. What does the positive sign (+) before price indicate in a supply function?
5. What is an upward movement on the supply curve called?
6.Discuss any two factors that determine the supply of a commodity.
7.Explain the impact of a rise in the price of other goods on the supply curve of a commodity. Use a diagram.
8.Distinguish between contraction and decrease in supply.
9.With the help of a diagram explain what is meant by a movement on a supply curve.
10. Distinguish between change in quantity supplied and change in supply.
11. Using diagrams explain the impact of the following on the supply curve of wooden furniture:
a. Wood prices increase
b. Use of new wood cutting machines

CHAPTER - 10 : ELASTICITY OF SUPPLY

1.Given a supply function qs
x = - 10 + 2p
a. Calculate the quantity supplied at a price of Rs 15 per unit.
b. At what price will the firm be willing to supply 50 units?
c. What is the price below which the firm will not supply its commodity?
d. Calculate the price elasticity of supply at Rs 10.
2. At a market price of Rs 8 per unit, the quantity supplied of a commodity is 200 units. Its price elasticity of supply is equal to 1.5. If its price rises to Rs 10 per unit, calculate its quantity supplied at the new price.
3. When the price of a commodity falls from Rs 10 per unit to Rs 9 per unit, its quantity supplied falls by 20%. Calculate its price elasticity of supply.
4. When the market price of a good is Rs 20, a firm earns a revenue of Rs 100. The market price increases to Rs 30 per unit and the firm earns revenue of Rs 300. What is the price elasticity of supply?
5. The price elasticity of supply of a commodity is 2. When its price rises from Rs 8 to Rs 10 per unit, its quantity supplied increases by 500 units. Calculate the quantity supplied at the increased price.
6. At a price of Rs 40 per unit, the quantity supplied of a commodity is 400 units. When its price falls by 10 per cent, its quantity supplied falls by 36 units. Calculate the elasticity of supply. Is the supply elastic?
7. At a price of Rs 5 per unit a firm supplies 500 units of a commodity. When price rises by Rs 1, quantity supplied increases to 700 units. What is the elasticity of supply?
8. Two commodities A and B have the same elasticity of supply. A 20% rise in the price of commodity A leads to a rise in its supply from 400 to 500 units. What will be

the percentage change in quantity supplied of commodity B if its price falls by 10%?

CHAPTER - 11 : MAIN MARKET FORMS AND PRICE DETERMINATION

1. How is equilibrium price determined under perfect competition? Explain with the help of a diagram.
2. Explain the process of price determination in a perfectly competitive market with a fixed number of firms. Use demand and supply schedules to support your answer.
3. What will happen in a perfectly competitive market if the prevailing price in the market is (a) above equilibrium price; (b) below equilibrium price?
4. Explain the effect of an increase in demand of a commodity on its equilibrium price and quantity. Use a diagram.
5. Explain the chain effects on demand, supply and price of a commodity caused by a leftward shift of its supply curve. Use a diagram.
6.The demand function and supply function for a good are given as follows-
Qd = 110 - 10P and Qs = - 100 + 20P. Find equilibrium price and quantity.
7.“Equilibrium price may or may not change with shifts in both demand and supply curves” Comment.
8.Explain briefly three features of perfect competition.
9. “Under perfect competition the seller is a price taker whereas under monopoly he is a price maker”. Explain.
10.Explain the implications of the following:
b. Differentiated products
c. Large number of sellers

Chapter 1 - Meaning and Scope of Statistics

1. What is Statistics? Explain its two meanings.
2. Explain any five features of statistics as a subject.
3. State any three functions of statistics.
4. Write any three limitations of statistics.
5. Distinguish between descriptive and inferential statistics.
6. Define statistics in plural sense with examples.
7. Why is statistics important in economics?
8. Define economic activities and give examples.
9. Define statistics in singular sense.
10. What are the two main branches of statistics?

Chapter 2 - Collection of Data

1. What is the difference between primary data and secondary data?
2. Mention any four sources of secondary data.
3. State any two methods of collecting primary data.
4. What is a census method? Give one merit and one demerit.
5. What is sampling method? Explain any two types.
6. Distinguish between census and sample method.
7. What is the Kth item in systematic sampling?
8. State two merits and two demerits of sampling method.
9. What precautions should be taken while using secondary data?
10. What are the methods of collecting secondary data?
11. Define direct personal investigation and indirect oral investigation.
12. What are the essentials of a good questionnaire?

CHAPTER - 3: ORGANISATION OF DATA

1.In a city, 45 families were surveyed for the number of domestic appliances they used. Prepare a frequency array based on their replies as recorded below.
1 3 2 2 2 2 1 2 1 2 2 3 3 3 3
3 3 2 3 2 2 6 1 6 2 1 5 1 5 3
2 4 2 7 4 2 4 3 4 2 0 3 1 4 3

2.Prepare a frequency distribution by inclusive method taking class interval of 7 from the following data

10	15	18	15	9	6	5 3	9	6	22	15.	12	20
1	5	6	4	10	3							
21	12	11	19	3	10	10	26	19	10			
10	17	28	22	5	21	17	8	9	11			

3.The heights of 36 students (in inches) are given below. Arrange the following data in an individual frequency sequence.

60	72	68	68	58	55	50	72	55	50	66	66
62	55	66	66	58	72	72	60	55	60	55	58
60	66	72	72	60	68	55	58	65	60	68	55

4.Transfer the given cumulative frequency series to simple frequency series.

Marks	Number of Students
Less than 10	12
Less than 30	19
Less than 50	26
Less than 70	48
Less than 90	57

5.From the following data, arrange a frequency distribution table with classes 10-20, 20-30, etc.

25	10	12	26	10	32	36	31	41	55
22	31	36	38	25	11	12	25	42	48
47	37	45	54	42	35	37	32	65	75

CHAPTER - 4: TABULATION OF DATA

1. Draw a blank table depicting university admission details showing faculty, sex and residence.
2. The Economic Survey of 2002 revealed that in 2001 – 2002, total production of food grains was 1928 lakh tons of which production of rice and wheat was 860

and 708 lakh tons respectively. The rest was production of other crops.
Percentage share of rice and wheat in the total production of crops was 44.60 and 36.72 respectively. Construct a suitable table.
3. The Indian Sugar Mills Association reported that “sugar production during the first fortnight of December, 2001 was 3, 87,000 tons as against 3, 78,000 tons during the same fortnight last year 2000. The off - take of sugar from factories during the first fortnight of December 2001 was 2,83,000 tons for internal consumption and 41,000 tons for exports as against 1,54,000 tons for internal consumption and nil for exports during the same fortnight last season”. Present the data in a tabular form.
4. 70 members of a club went on a picnic and on an average they paid Rs 14. There were 50 senior citizens each of whom paid Rs 15.The younger members were charged at a higher rate. The number of helpers was 10 (half of them were males) and they were taken free of cost. The number of females was 10 % of the total of which one was a senior citizen. Tabulate the above information.
5. Out of a total number of 1,807 women who were interviewed for employment in a textile factory of Mumbai, 512 were from textile areas and the rest from the non-textile areas. Among the married women who belonged to textile areas, 247 were experienced and 73 inexperienced, while for non-textile areas the corresponding figures were 49 and 520 respectively. The total number of inexperienced women was 1,341 of whom 111 resided in textile areas. Of the total number of women, 918 were unmarried, and of these the number of experienced women in the textile and non-textile areas was 154 and 16 respectively. Tabulate the given information.

CHAPTER - 5: PRESENTATION OF DATA

Read the given passage and answer the question that follows:
Diagrammatic presentation of data provides the quickest understanding of the actual situation to be explained by data in comparison to tabular or textual presentations. This presentation translates quite effectively the highly abstract idea contained in numbers into more concrete and easily comprehensible form. Diagrams may be less accurate but they are much more effective than tables in presenting the data.
a) Explain the advantages of diagrammatic presentation over the tabular or textual presentation.
b) The diagrammatic presentation translates abstract idea into _____.
c) Which presentation is more accurate: Diagrammatic or tabular?
Q2.Draw Histogram and Frequency Polygon

Class Interval	Frequency
0–10	5
10–20	9
20–30	14
30–40	10
40–50	6

Q3.Prepare “Less than” and “More than” Cumulative Frequency Curve

Class Interval | Frequency
0–10 | 4
10–20 | 6
20–30 | 10
30–40 | 8
40–50 | 2

Q4.Marks obtained by two students:

Subject	Student A	Student B
Maths	80	70
Economics	75	85
English	90	88

Construct Multiple bar diagram.

Q5.Draw Pie Diagram
Monthly expenditure of a family:
Item | Expenditure (₹)
Food | 4000
Rent | 6000
Education | 2000
Transport | 1000
Others | 1000

CHAPTER - 6: MEASURES OF CENTRAL TENDENCY

Q1.Find Mean:
X | f
10 | 3
20 | 5
30 | 7
40 | 5

Q2.Find Mean using Shortcut method:
Class Interval | Frequency
0–10 | 4
10–20 | 6
20–30 | 10
30–40 | 8
40–50 | 2

Q3.Find Median:
Class Interval | Frequency
0–10 | 5
10–20 | 9
20–30 | 14
30–40 | 10
40–50 | 6

Q4.Find Mode:

Class Interval | Frequency
0–10 | 5
10–20 | 8
20–30 | 15
30–40 | 10
40–50 | 7
Q5.If Mean = 25 and Median = 23, find Mode using formula.
Q6.Calculate Q1 and Q3:
Class Interval | Frequency
0–10 | 4
10–20 | 6
20–30 | 10
30–40 | 8
40–50 | 2
Q7.Marks of 40 students:
10, 12, 15, 18, 20, 22, 25, 28, 30, 32,
14, 16, 19, 21, 24, 26, 29, 31, 34, 36,
13, 17, 20, 23, 25, 27, 30, 33, 35, 37,
11, 15, 18, 22, 24, 26, 28, 32, 34, 38
a)Construct frequency distribution
b)Find mean
c)Find median
d)Find mode

CHAPTER - 7: MEASURES OF CORRELATION

Q1.Find Karl Pearson's coefficient of correlation for the following data:
X | 2 | 4 | 6 | 8 | 10
Y | 3 | 5 | 7 | 9 | 11
Q2.Plot the scatter diagram for:
X | 1 | 2 | 3 | 4 | 5
Y | 2 | 4 | 6 | 8 | 10
Q3.Convert into ranks and find correlation:
X | 10 | 20 | 30 | 40 | 50
Y | 15 | 18 | 35 | 30 | 45
Q4.Identify Type of Correlation
a)Increase in income → Increase in consumption
b)Increase in price → Decrease in demand
c)Increase in study hours → No change in marks
Q5.

What is the coefficient of rank correlation of the following information

Subject A	3	5	8	4	7	10	2	1	6	9
Subject B	6	4	9	8	1	2	3	10	5	7

CHAPTER - 8 : INDEX NUMBERS

Q1.Define an Index Number.
Q2.What is a Price Index Number?
Q3.What is the base year?
Q4.State any one use of index numbers.
Q5.Write limitations of index numbers.
Q6.What are the problems in construction of index numbers?
Q7.Using Simple Aggregate Method and Price Relatives Method, find out index values for the year 2017 from the following data:

Items.	2004 Price (₹)	2017 Price
A.	15.	30
B.	33.	44
C.	38.	76
D.	25.	100
E.	50.	80

Q8.Construct price index number of the following data by using:
(i) Laspeyre's Method, (ii) Paasche's Method,

Items	Base Year		Current Year	
	Quantity	Price	Quantity	Price
A	3	5	2	8
B	7	4	5	6
C	4	7	3	10
D	6	6	5	7