CBT Question paper with answers for the Month of November 2023

Subject: Economics   Class: XI

1. Out of three phases. In which phase of production will the producer stop at?
   Ans: b) Second phase of short run
   b) is the correct answer because
   The producer will not stop the production in first phase, as by employing an additional unit of variable factor marginal product increases, so he will continue to produce as there is scope for additional profits.
   The producer will not entre in third phase of production as by employing an additional unit of variable factor, TP decreases and MP is negative implying losses.
   Thus, the producer will stop in Second Phase as producer will find the equilibrium when TP is maximum or constant and MP is zero.

2. Which one from the following statements is the best definition of production function?

   Ans: c) The relationship between the quantities of inputs needed to produce a given level of output.

   c) is correct answer because
   The relationship between the quantities of inputs needed to produce a given level of output.

3. Assertion (A) : In long run, Production is done only by using the variable factors.

   Reason (R): All factors are variable in the long run.

   Ans a)   both assertion (A) and reason (R) are true and reason (R) is the correct explanation of

   assertion (A)

   a) is correct answers because
   In the long run all factors become variable factors due to long run

4. What happen to AP, when MP is more than AP?

   Ans: a) AP rises

   a) is correct answer because
   When Marginal product is more than Average product, average product will rises till marginal product

   become equal to average product, after that average product will fall

5. If Average Revenue curve is horizontal straight line, the Marginal Revenue curve will be:

   Ans: b) Horizontal straight line

   b) is correct answer because
   price of the product remain same firm's Revenue curve is horizontal straight line and Marginal

   revenue is also same so that marginal revenue curve will horizontal straight line

6. If a firm produce zero output in short period, then:

   Ans: c) Fixed cost will be positive

   c) is correct answers because
   Total cost never be zero, may be output is zero or positive
   when output is zero variable cost is also zero not positive

Marginal cost never be zero
Fixed cost is always positive, output may be zero or positive

7. Statement 1: Variable factors are not required in case of zero output.

   Statement 2: Variable factors can be changed in the short run, but fixed factors remain same in the short run irrespective of level of output.

   Ans: a) both the statements are true

   a) is correct answer because
   Variable factors are not required in case of zero output.
   Variable factors can be changed in the short run, but fixed factors remain same in the short run irrespective of level of output.

8. Assertion (A) : Total variable cost (TVC) can be changed in the short run production.

   Reason (R) : TVC increases initially at a decreasing rate, then at constant rate and finally at an increasing rate

   Ans: b)

   b) is correct answer
   Both assertion (A) and reason (R) are true but reason (R) is not the correct explanation of assertion (A)

9. Read the following statement given below and choose the correct alternative.

   Statement 1- When price is constant, MR is a vertical straight line.

   Statement 2- When price is constant, TR is a positively sloped line.

   Ans: d) Statement 1 is incorrect and statement 2 is correct

   d) is correct answer because
   When price is constant Average revenue is also constant and total revenue increase at constant rate, so that the MR curve is horizontal straight line.

10. A firm has a variable cost of Rs.1000 at five units of output, if fixed costs are Rs.400 , What will be the average total cost at five units of output.

    Ans: a) Rs. 280

    a) is correct answer because
    Total cost = Total Variable cost + Total Fixed cost
    Average total cost = Total cost/units of output
    total cost = 1000+ 400
    =1400
    average total cost =1400/5=280