CBT Question paper with answers for the Month of Oct. 2023

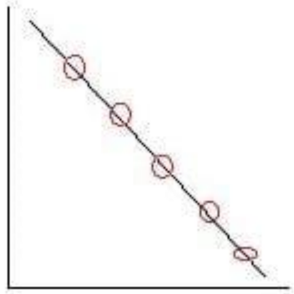
Subject: Economics Class: XI

1. What is the primary difference between short-run and long-run production functions?
Answer B is correct because
The short-run production function refers to a period where at least one input is fixed, limiting the ability to adjust production levels. In contrast, the long-run production function represents a period where all inputs can be adjusted, allowing for greater flexibility in production choices.
2. If the marginal product is greater than the average product, what can be inferred about the average product?
Answer D is correct because
If the value of marginal product exceeds the average product it means that the average product will increase. On the contrary if the value of marginal product is less than the average product it means that the average product will decline. When the two are equal the will be no change in the average product of the firm.
3. Assertion (A): Negative returns to a factor result from the excessive use of variable factors relative to fixed factors.
Reason (R): When too many units of the variable factor are employed with limited fixed factors, they overcrowd and hinder each other's work, leading to negative marginal returns.
Answer A is correct because
4. Assertion: Fixed costs are incurred on variable factors of production and change with changes in output.
Reason: Fixed costs include unavoidable contractual costs like rent of land and building.
Answer D is correct because
Fixed costs do not change with increases/decreases in units of production volume, while variable costs fluctuate with the volume of units of production. Fixed and variable costs are key terms in managerial accounting, used in various forms of analysis of financial statements.

5. Assertion (A): Supply refers to the quantity of a commodity that a firm is willing and able to offer for sale, at each possible price during a given period of time.
Reason (R): Supply is that part of stock which is actually brought into the market for sale, and stock can never be less than supply.
Answer A is correct because
Supply and demand are economic forces of the free market that control what suppliers are willing to produce and what consumers are willing and able to purchase.
Supply refers to the quantity of a commodity that a firm is willing and able to offer for sale, at each possible price during a given period of time.
Supply is that part of stock which is actually brought into the market for sale, and stock can never be less than supply.
6. In economics, what does the term "ceteris paribus" mean?
Answer A is correct because
Ceteris paribus is a Latin phrase that generally means "all other things being equal." In economics, it acts as a shorthand indication of the effect one economic variable has on another, provided all other variables remain the same.
7. When a firm can sell any quantity of output at a given price, what is the shape of its Average Revenue (AR) curve?
Answer B is correct because

Under perfect competition, the shape of the average revenue curve is a horizontal straight line as at the given price, any level of quantity is demanded. In perfect competition, average revenue is equal to the price prevailing in the market and the marginal revenue. Was this answer helpful?

8. What will be the value of coefficient of correlation(r) in the below given diagram:-



Answer B is correct because
Slope of curve in downward which show the inverse relation between two variable and all point on the curve show perfect negative correlation
9. Which type of correlation indicates that as one variable increases, the other variable decreases, but not in a linear fashion?
Answer B is correct because
Non-linear or curvilinear correlation is said to occur when the ratio of change between two variables is not constant. It can happen that as the value of one variable increases, the value of another variable also increases.
10. Statement 1: In a scatterplot, if data points are widely dispersed, the correlation is likely to be strong.
Statement 2: A correlation coefficient of 0.1 indicates a moderate positive correlation.
Answer D is correct because
If the data is widely or randomly spread, it indicates a weak or no relationship between the variables. Hence, the correct answer is option (a) The correlation is either weak or 0. Statement one is false
if we wish to label the strength of the association, for absolute values of r, 0-0.19 is regarded as very weak, 0.2-0.39 as weak, 0.40-0.59 as moderate, 0.6-0.79 as strong and 0.8-1 as very strong correlation, but these are rather arbitrary limits, and the context of the results should be consider. Statement two is true