

MasterG.Net CBSE Coaching Classes

CLASS XI • ECONOMICS (Subject Code 030)

Introductory Microeconomics — Comprehensive Revision Worksheet

Session 2026-27 | Aligned to the CBSE Class XI Economics syllabus, Part B: Units 4 & 5

Time allowed: 3 Hours	Maximum marks: 80	Total questions: 35 (+3 bonus HOTS)
Name: _____	Class / Sec: _____	Date: _____

Chapters covered: Introduction to Microeconomics (micro vs macro, positive vs normative, central problems, PPF and opportunity cost) • Consumer's Equilibrium — Utility Analysis and Indifference Curve Analysis (budget set, budget line, preferences) • Demand (determinants, schedule, curve, movement vs shift, market demand) • Price Elasticity of Demand (factors; percentage-change and total expenditure methods).

General Instructions

- All questions are compulsory. Attempt in the order given; write answers on separate answer sheets.
- Section A** — 20 questions of 1 mark (Q1-16 MCQs; Q17-20 Assertion-Reason). **Section B** — 3 case-based questions of 4 marks each (four 1-mark parts). **Section C** — 6 short-answer questions of 3 marks (60-80 words). **Section D** — 3 short-answer questions of 4 marks (80-100 words). **Section E** — 3 long-answer questions of 6 marks (100-150 words).
- Show every step in numerical questions. Ignore the negative sign of Ed. Give units and a one-line economic interpretation with each result.
- Diagrams must be neat, labelled and drawn with a pencil and scale. Marks are indicated against each question.

Coverage Map & Suggested Time Plan

Topic		Questions	Approx. marks
Introduction (micro/macro, positive/normative, central problems, PPF & opportunity cost)		1-4, 21, 24, 25	14
Utility analysis (TU, MU, law of DMU, consumer's equilibrium)		5-7, 19, 22, 26, 31, 34	21
Budget set/line, indifference curves, IC equilibrium		8-11, 17, 30, 33	15
Demand (determinants, market demand, movement vs shift, law of demand)		12-14, 20, 27, 35(a)	10
Price elasticity of demand (% method, TE method, factors)		15, 16, 18, 23, 28, 29, 32, 35(b)	20

Section A	Section B	Section C	Section D	Section E	Revision / checking
30 min	25 min	35 min	30 min	45 min	15 min

The mix of MCQs, assertion-reason items, case studies, figure- and table-based questions and multi-step numericals reflects the competency-based emphasis of the current CBSE pattern, so that conceptual understanding is tested along with recall.

SECTION A — Objective Questions (20 × 1 = 20 marks)**Q1-16: Multiple Choice Questions. Choose the correct option.**

1. Which of the following is a **normative** statement?
 - (a) The price of onions doubled after the floods.
 - (b) A rise in income increases the demand for normal goods.
 - (c) The government ought to provide free school meals to all children.
 - (d) India follows a mixed economic system.
2. Which of the following is a **microeconomic** issue?
 - (a) The rate of inflation in the country
 - (b) Why the price of tomatoes in a local market rises after heavy rain
 - (c) The level of national income
 - (d) The fiscal deficit of the government
3. A combination of two goods lying **inside** the production possibility frontier indicates:
 - (a) Full utilisation of all resources
 - (b) Unemployment or under-utilisation of resources
 - (c) A combination that cannot be produced with the given resources
 - (d) Economic growth
4. A farmer must choose between ploughing with tractors (capital-intensive) and ploughing with labour. This is a problem of:
 - (a) What to produce
 - (b) How to produce
 - (c) For whom to produce
 - (d) Where to produce
5. The marginal utilities of successive units of a commodity are 20, 16, 12, 8 and 4. The total utility from the first 4 units is:
 - (a) 8
 - (b) 12
 - (c) 56
 - (d) 60
6. The law of diminishing marginal utility assumes that:
 - (a) Tastes and preferences of the consumer keep changing
 - (b) Successive units are of the same size and quality and are consumed continuously
 - (c) The consumer's income keeps rising
 - (d) The price of the commodity keeps falling
7. For a consumer buying goods X and Y, $MU_x/P_x > MU_y/P_y$. To maximise satisfaction the consumer should:
 - (a) Buy more of X and less of Y
 - (b) Buy more of Y and less of X
 - (c) Buy more of both goods
 - (d) Continue as before, being already in equilibrium
8. A consumer has an income of ₹120. The price of X is ₹10 and of Y is ₹20. The slope of the budget line (in absolute terms) is:
 - (a) 0.5
 - (b) 2
 - (c) 6
 - (d) 12
9. Which of the following causes a **parallel outward shift** of the budget line?
 - (a) Fall in the price of X alone
 - (b) Fall in the price of Y alone
 - (c) Rise in the consumer's income, prices remaining unchanged
 - (d) Rise in the prices of both goods
10. At a bundle, $MRS_{xy} = 3$ whereas $P_x/P_y = 2$. To reach equilibrium the consumer should:
 - (a) Buy more of X and less of Y
 - (b) Buy more of Y and less of X
 - (c) Buy more of both goods
 - (d) Do nothing, as this is the equilibrium

11. An indifference curve is convex to the origin because:
- (a) MU of a good rises with consumption
 - (b) MRS diminishes as the consumer moves down the curve
 - (c) MRS remains constant
 - (d) The budget line slopes downward
12. Which of the following does **not** shift the demand curve of a commodity?
- (a) A change in the consumer's income
 - (b) A change in the tastes of consumers
 - (c) A change in the price of related goods
 - (d) A change in the price of the commodity itself
13. The price of tea rises sharply. The demand curve for coffee (a substitute) will:
- (a) Shift to the left
 - (b) Shift to the right
 - (c) Remain unchanged
 - (d) Become vertical
14. Each of 10 identical consumers has the demand function $q = 20 - 2p$. The market demand at $p = ₹5$ is:
- (a) 10 units
 - (b) 50 units
 - (c) 100 units
 - (d) 200 units
15. When the price of a good rises from ₹50 to ₹55, the quantity demanded falls from 200 to 160 units. Price elasticity of demand is:
- (a) 0.5
 - (b) 1
 - (c) 2
 - (d) 4
16. The price of a good rises and the total expenditure on it falls. The demand for the good is:
- (a) Elastic
 - (b) Unitary elastic
 - (c) Inelastic
 - (d) Perfectly inelastic

Q17-20: Assertion (A) and Reason (R) type questions. Choose the correct option:

(a) Both A and R are true and R is the correct explanation of A. (b) Both A and R are true but R is not the correct explanation of A. (c) A is true but R is false. (d) A is false but R is true.

17. **Assertion (A):** Two indifference curves cannot intersect each other.
Reason (R): At the point of intersection, the same bundle would give two different levels of satisfaction.
18. **Assertion (A):** The demand for a good having many close substitutes tends to be elastic.
Reason (R): The demand for necessities is inelastic.
19. **Assertion (A):** Total utility increases at a diminishing rate as more units are consumed, so long as marginal utility is positive.
Reason (R): Total utility begins to fall as soon as marginal utility starts diminishing.
20. **Assertion (A):** A fall in the price of a commodity causes a rightward shift of its demand curve.
Reason (R): A change in the price of the commodity itself causes only a movement along the demand curve.

SECTION B — Case-Based Questions (3 × 4 = 12 marks)

21. **Case Study 1 — Ratnadweep Island (Production Possibilities).** Ratnadweep is a small island whose limited resources can be used to produce coconuts (in thousands) and fish (in tonnes). Its production possibilities are given below.

Combination	A	B	C	D	E	F	G
Coconuts (thousand)	0	1	2	3	4	5	6
Fish (tonnes)	21	20	18	15	11	6	0

- (i) The marginal rate of transformation (MRT) when the island moves from B to C is:
- (a) 1 tonne of fish per thousand coconuts (b) 2 tonnes of fish per thousand coconuts
- (c) 3 tonnes of fish per thousand coconuts (d) 4 tonnes of fish per thousand coconuts
- (ii) The combination of 3 thousand coconuts and 12 tonnes of fish is:
- (a) Unattainable with the given resources (b) Attainable, but resources are under-utilised
- (c) Attainable and efficient (d) A point on the PPF
- (iii) The island adopts a new technology that raises the output of both goods. The PPF will:
- (a) Shift inward (b) Shift outward
- (c) Remain unchanged (d) Become a straight line
- (iv) The rising MRT from A to G shows that:
- (a) The opportunity cost of coconuts rises as more coconuts are produced (b) The opportunity cost of coconuts is constant
- (c) Resources are equally efficient in both uses (d) The PPF is convex to the origin

[4 marks]

22. **Case Study 2 — Aarav's Pocket Money.** Aarav has ₹100 a week to spend on samosas (₹10 each) and cold coffee (₹20 each). The marginal utility (in utils) he derives from successive units is given below. Assume he is a rational consumer.

Unit	1	2	3	4	5	6
MU of samosa (MU_x)	30	26	22	18	14	10
MU of cold coffee (MU_y)	60	44	36	28	20	12

- (i) If Aarav spends his entire income on only one good, the maximum he can buy is:
- (a) 10 samosas or 5 coffees (b) 5 samosas or 10 coffees
- (c) 10 samosas or 10 coffees (d) 100 samosas or 100 coffees
- (ii) Aarav's utility-maximising bundle is:
- (a) 3 samosas and 2 coffees (b) 4 samosas and 3 coffees
- (c) 5 samosas and 4 coffees (d) 6 samosas and 5 coffees
- (iii) The marginal utility of one rupee at his equilibrium is:
- (a) 1.0 util (b) 1.4 utils
- (c) 1.8 utils (d) 2.2 utils
- (iv) If his weekly money rises to ₹160 (prices unchanged), his new equilibrium bundle will be:
- (a) 4 samosas and 3 coffees (b) 5 samosas and 4 coffees
- (c) 6 samosas and 5 coffees (d) 6 samosas and 3 coffees

[4 marks]

23. **Case Study 3 — Juice and Salt.** A juice stall sells 200 glasses of mango juice a day at ₹40 per glass. In a hot week the owner cuts the price to ₹30 and daily sales rise to 300 glasses. In the same market, when the price of iodised salt rose from ₹20 to ₹22 per kg, daily sales at a nearby grocery store fell from 100 kg to 99 kg.
- (i) The price elasticity of demand for mango juice is:
- (a) 0.5 (b) 1
(c) 2 (d) 3
- (ii) After the price cut, the daily expenditure of customers on mango juice moved from ₹8,000 to ₹9,000. This:
- (a) Rose by ₹1,000, confirming that demand is elastic (b) Fell by ₹1,000, confirming that demand is inelastic
(c) Did not change, confirming unitary elasticity (d) Rose by ₹1,000, confirming that demand is inelastic
- (iii) The price elasticity of demand for salt is:
- (a) 0.1, relatively inelastic (b) 0.1, relatively elastic
(c) 10, relatively elastic (d) 1, unitary elastic
- (iv) The main reason for the low elasticity of demand for salt is that:
- (a) It has many close substitutes (b) It is a small item in the household budget and has no close substitute
(c) It is a luxury good (d) It is studied over a very long period

[4 marks]

SECTION C — Short Answer Questions I (6 × 3 = 18 marks)

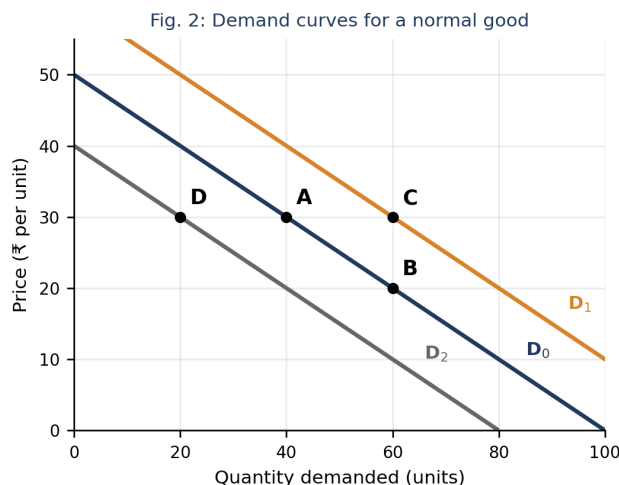
24. Classify each statement as (a) **microeconomic or macroeconomic** and (b) **positive or normative**, with a one-line reason:
- (i) A rise in the price of onions reduces the quantity of onions demanded.
(ii) The government should fix a maximum price for cooking-gas cylinders.
(iii) The rate of unemployment in the country is too high.
25. A newly formed hill-state economy has limited land, labour and capital but many wants. Explain, with reference to this economy, how the central problems of **what**, **how** and **for whom** to produce arise.
26. The total utility (TU) a consumer derives from consuming successive units of a good is given below.

Units consumed	1	2	3	4	5	6	7
Total utility (utils)	12	22	30	36	40	40	36

- (i) Calculate the marginal utility (MU) of each unit.
(ii) At which unit does the consumer reach satiety? Give a reason.
(iii) Name the law illustrated by the table. Why would a rational consumer not consume the 7th unit?

[3 marks]

27. Study Fig. 2 and answer the questions that follow.



- Name the change represented by a move from A to B, and state its cause.
- Name the change represented by a move from A to C. Give one possible cause for a normal good.
- Name the change represented by the shift from D_0 to D_2 and give any two possible causes for a normal good.

[3 marks]

28. A consumer buys 50 units of a good at ₹8 per unit. When the price falls to ₹6 per unit, he buys 80 units. Calculate the price elasticity of demand by the percentage-change method, classify the demand, and verify your answer using the total expenditure method.

[3 marks]

29. Explain, with one example each, any **three** factors that affect the price elasticity of demand for a good.

[3 marks]

SECTION D — Short Answer Questions II ($3 \times 4 = 12$ marks)

30. A consumer has an income of ₹360 to spend on two goods, X and Y, priced at ₹30 and ₹20 per unit respectively.

- Write the equation of the budget line and find its intercepts on both axes.
- Find the slope of the budget line and state what it measures.
- If the price of X falls to ₹20 (income and the price of Y unchanged), what happens to the budget line? Give the new intercepts.
- State whether each bundle lies *on*, *inside* or *outside* the original budget set: (8, 6), (12, 4) and (5, 4).

[4 marks]

31. A consumer has ₹20 to spend on goods X (₹4 per unit) and Y (₹2 per unit). His marginal utilities (in utils) are given below.

Unit	1	2	3	4	5	6
MU_x	20	16	12	8	4	0
MU_y	12	10	8	6	4	2

- Compute MU_x/P_x and MU_y/P_y for each unit.
- Find the equilibrium bundle and show that both conditions of equilibrium are satisfied.
- The bundle (4 units of X, 2 units of Y) is also affordable. Show that it gives less total utility than the equilibrium bundle.

[4 marks]

32. The price of each of three goods P, Q and R falls from ₹10 to ₹8. The total expenditure (TE) of consumers on each good before and after the price change is shown below.

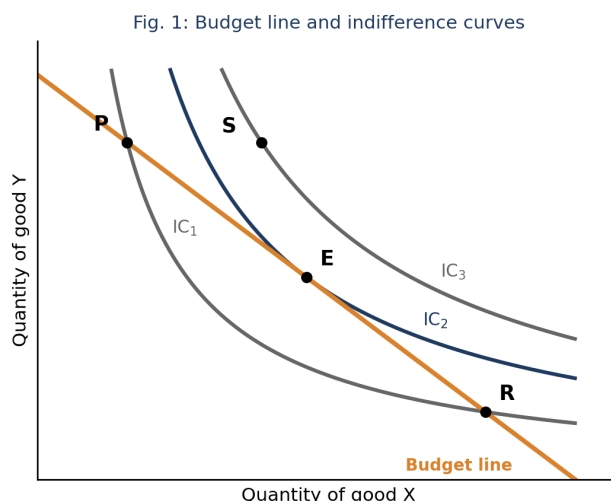
Good	TE at ₹10 (₹)	TE at ₹8 (₹)
P	200	240
Q	200	200
R	200	176

- Using the total expenditure method, state whether the demand for each of P, Q and R is elastic, unitary elastic or inelastic. Give a reason for each.
- If the price of R rises back from ₹8 to ₹10, in which direction will TE move and why?

[4 marks]

SECTION E — Long Answer Questions (3 × 6 = 18 marks)

33. Fig. 1 shows a consumer's budget line and three indifference curves IC_1 , IC_2 and IC_3 . P, R and E are points on the budget line; S is a point on IC_3 .



- Identify the point of consumer's equilibrium. (1 mark)
- Explain why the consumer cannot be in equilibrium at P or R, and why he cannot reach S. (2 marks)
- State and explain the two conditions of consumer's equilibrium under the indifference curve approach. (3 marks)

[6 marks]

34. Explain the conditions of consumer's equilibrium under the **utility analysis** (a) for a single commodity and (b) for two commodities. What will the consumer do if $MU_x/P_x < MU_y/P_y$, and why?

[6 marks]

35. Answer both parts.

- (a) State the law of demand and explain any **two** reasons why the demand curve slopes downward. (3 marks)
- (b) The price elasticity of demand for a good is 1.5. Its price falls from ₹20 to ₹18 per unit and the quantity demanded initially was 200 units. Calculate the new quantity demanded. Also find the change in total expenditure and interpret it. (3 marks)

[6 marks]

BONUS — Higher-Order Thinking (unmarked; attempt after the paper)

- H1. A consumer is at a bundle where $MRS_{xy} < P_x/P_y$. Explain what she will do and why.
- H2. The demand for a good falls when the consumer's income rises. Name such a good and show how its demand curve shifts.
- H3. A vendor's total revenue rises when he raises his price. What can you say about the elasticity of demand? Should he keep raising the price? Explain.

— End of Question Paper —

REVISION SNAPSHOT — Check yourself after the paper

Concept	Key points to remember
Micro vs Macro; Positive vs Normative	Micro studies individual units and markets; macro studies aggregates (GDP, inflation, unemployment). Positive = what <i>is</i> (testable); normative = what <i>ought to be</i> (value judgement).
Central problems; PPF	What, how and for whom to produce arise from scarcity and choice. PPF shows maximum combinations of two goods with given resources and technology. Inside = under-utilisation; outside = unattainable; MRT = slope of PPF = opportunity cost, rising along a concave PPF.
Utility analysis	$TU = \sum MU$; $MU = \Delta TU / \Delta Q$. TU is maximum when $MU = 0$ (satiety); $MU < 0$ means TU falls. Law of DMU: MU falls as more units are consumed. One good: $MU_x = P_x$ (MU of money constant). Two goods: $MU_x/P_x = MU_y/P_y$ with all income spent.
Budget set and budget line	$P_x \cdot x + P_y \cdot y = M$. Intercepts M/P_x and M/P_y ; slope = $-P_x/P_y$. Income change → parallel shift; change in one price → pivot (rotation) on the other intercept. Bundles on the line spend all income; inside = income left over; outside = unaffordable.
Indifference curve analysis	IC: bundles giving equal satisfaction; downward sloping, convex to origin (diminishing MRS), higher IC = more satisfaction, ICs never intersect. Equilibrium: $MRS_{xy} = P_x/P_y$ (tangency) and MRS diminishing. If $MRS > \text{price ratio}$ → buy more X; if $MRS < \text{price ratio}$ → buy less X.
Demand	Law of demand: inverse relation between price and quantity demanded, ceteris paribus. Change in own price → movement along the curve (expansion/contraction). Change in income, tastes, prices of related goods, expectations, number of buyers → shift (increase/decrease). Market demand = horizontal sum of individual demands.
Price elasticity of demand	$E_d = (\% \text{ change in } Q) \div (\% \text{ change in } P) = (\Delta Q/Q) \div (\Delta P/P)$. $ E_d > 1$ elastic; $= 1$ unitary; < 1 inelastic. TE method: price and TE move in opposite directions → $E_d > 1$; TE unchanged → $E_d = 1$; same direction → $E_d < 1$. Factors: substitutes, nature of good, share in budget, time period, alternative uses, habit.

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