

**Class: XI****Time Allowed: 25 minutes****Q1: SECTION "A" (MULTIPLE CHOICE QUESTIONS) Marks: 20**

**Note:** Attempt ALL questions from Section 'A'. Each question carries ONE mark.

1. Who is known for the concept of the "invisible hand" in economics?  
 A. Adam Smith      B. Alfred Marshall      C. Loonier Robbins      D. John Maynard Keynes
2. What did Loonier Robbins emphasize in his definition of economics?  
 A. Wealth creation      B. Scarcity of resources      C. Division of labor      D. Government intervention
3. What is an example of an economic good?  
 A. A smart phone.      B. Fresh air.      C. Sunshine      D. Friendship.
4. Which of the following conditions must hold for the Law of Demand to apply?  
 A. The good is a luxury good.      B. The price change is temporary.  
 C. There are no close substitutes for the good.      D. The consumer's income is constant.
5. If the price elasticity of demand is 1.5, what type of demand is it?  
 A. Inelastic.      B. Elastic.      C. Unit elastic.      D. Perfectly elastic.
6. Which of the following is a characteristic of utility?  
 A. Utility is objective.      B. Utility is constant.      C. Utility is subjective.      D. Utility is tangible.
7. What is the primary characteristic of the factor of production "land"?  
 A. It is man-made.      B. It is homogeneous.      C. It is abundant.      D. It is immobile.
8. Which of the following formulas is used to calculate average product (AP)?  
 A. Total product / Number of inputs.      B. Marginal product / Number of inputs.  
 C. Total product / Number of outputs.      D. Marginal product / Number of outputs.
9. Which of the following is an implication of the law of Equi-marginal Utility?  
 A. Consumers spend all their income on one good.  
 B. Consumers allocate income to equalize marginal utility from each good.  
 C. Consumers save most of their income.  
 D. Consumers buy goods randomly.
10. What is the total cost composed of?  
 A. Fixed cost only.      B. Variable cost only.  
 C. Fixed cost and variable cost.      D. Sunk cost and opportunity cost.
11. What is the primary factor that determines wages?  
 A. Demand for labour.      B. Supply of labour.  
 C. Government policies.      D. Marginal productivity of labour.
12. According to the theory of marginal productivity, what happens to wages as the marginal product increases?  
 A. Wages decrease.      B. Wages remain constant.  
 C. Wages increase.      D. Wages become unpredictable.
13. If a firm sells 10 units at Rs. 100 each, what is the total revenue?  
 A. Rs. 10      B. Rs. 100      C. Rs. 1000      D. Rs. 10,000.
14. When does a consumer achieve equilibrium according to the Law of Equi-marginal Utility?  
 A. When income is fully spent.      B. When total utility is maximum.  
 C. When the marginal utility from one good is greater than others.  
 D. When marginal utility from each good is equal.
15. According to the Ricardian theory of rent, what determines rent?  
 A. Supply and demand for land.      B. Scarcity of land and its varying fertility.  
 C. Location of land.      D. Fertility of land.
16. Which of the following would increase the demand for a product?  
 A. Increase in price.      B. Decrease in consumers' income.  
 C. Decrease in price of a substitute good.      D. Increase in consumers' income.
17. What determines the price elasticity of demand?  
 A. Availability of substitutes.      B. Income level.      C. Price level.      D. Government policies.
18. What does supply refer to in economics?  
 A. The quantity of a good that consumers are willing to buy.  
 B. The quantity of a good that producers are willing to sell at a given price.  
 C. The total quantity of a good available in the market.  
 D. The quantity of a good that is in demand.
19. How does an increase in production costs affect the supply curve?  
 A. It shifts the supply curve to the right      B. It shifts the supply curve to the left  
 C. It has no impact on the supply curve      D. It makes the supply curve steeper
20. What is the significance of price elasticity of supply in economics?  
 A. It helps understand the behavior of consumers  
 B. It helps determine the equilibrium price  
 C. It helps determine the quantity of a good demanded  
 D. It helps understand the responsiveness of quantity supplied to price changes



Class: XI

**MODEL PAPER 2026**

Time: 2 hours 35 minutes

**SUBJECT: ECONOMICS (SECTION "B" AND SECTION "C")**  
**SECTION "B" (SHORT ANSWER QUESTIONS)**
**Total Marks 80**  
**40 Marks**

**Note:** Attempt any **EIGHT** questions from Section 'B'. Each question carries **FIVE** marks.

Q.2 Describe the role of economics in resource allocation in a country like Pakistan.

Q.3 Explain how Loonier Robbins' definition of economics influenced the field of economics.

Q.4 Explain how unlimited wants and needs lead to scarcity in Pakistan's economy.

Q.5 Define constrained optimization of utility and explain its significance in consumer decision-making.

Q.6 Define the concept of economic rent according to David Ricardo and explain its significance in the context of Pakistan's agricultural sector.

Q.7 Define capital and explain its role in promoting economic growth and development.

Q.8 Define the Law of Increasing Returns to scale and explain its significance for firms in Pakistan's manufacturing sector.

Q.9 Define the Law of Demand and explain its significance in understanding consumer behaviour in Pakistan's markets.

Q.10 Explain how the income elasticity of demand can be used to classify goods into necessities and luxuries.

Q.11 Describe how changes in production costs, technology, and government policies can affect the supply of a product.

Q.12 Describe the role of free entry and exit in perfect competition and explain how it affects the profitability of firms in Pakistan.

Q.13 Explain the concept of optimum level of output under perfect competition.

**SECTION "C" (DETAILED ANSWER QUESTIONS)****40 Marks**

**Note:** Attempt any **TWO** questions from Section 'C'. Each question carries **TWENTY** marks.

Q.14 (a) Contrast the concepts of constrained and unconstrained optimization of utility.  
 Q.14 (b) Examine the differences between economic and non-economic goods and provide examples of each in the context of Pakistan's economy.

Q.15 (a) Analyze the concept of economies of scale and discuss how they can benefit firms in Pakistan's manufacturing sector.  
 Q.15 (b) Evaluate the relationship between total revenue, average revenue, and marginal revenue for a firm operating in a perfectly competitive market in Pakistan.

Q.16 (a) Analyze the impact of a price ceiling on market equilibrium in Pakistan's housing market.  
 Q.16 (b) Assess the impact of increasing labor on total product (TP) in the short run.

**END OF PAPER**