O.P.JINDAL SCHOOL, SAVITRI NAGAR

Periodic Test – 3 (Round –II) 2025-26

Class : XI Commerce M.M : 20

Subject : Economics (030) Time : 1 Hour

General Instructions: 1. All the questions are compulsory.
2. Question No. 1 to 4 carries 1 mark each.
3. Question No. 5 to 6 carries 3 marks each.
4. Question No. 7 carries 4 marks each.
5. Question No. 8 carries 6 marks each

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1. AR and MR curves under perfect competition are: 1

A. Separate B. Downward sloping

C. Same and Horizontal D. Vertical

2. Assertion (A) : The demand curve faced by a perfectly competitive firm is perfectly elastic.

Reason (R): A single firm cannot influence market price. 1

A .Both (A) & (R) both are true and (R) is correct explanation of (A).
B. Both (A) & (R) both are true but (R) is not correct explanation of (A.)
C. (A) is true but (R) is false.
D. (A) is false but (R) is true.

3. Statement 1: In Perfect competition selling costs are very high.
Statement2: Selling cost refers to cost of advertisement of the product. 1

A. Both the statements are true.
B. Both the statements are false
C. Statement 1 is true & Statement 2 is false.
D. Statement 2 is true & Statement 1 is false.

4. When demand increases with supply remaining constant, equilibrium price will. 1

A. Fall B. Rise

C. Remain unchanged D. Become zero

5. Why is a price ceiling imposed on essential medicine but a price floor imposed on agriculture product? Explain it with economic reasoning. 3

6. Government allows monopoly in public utility services like electricity supply and water supply.

Explain why monopoly may be preferred in these sectors despite its disadvantages. 3

7. In a long run, firms under perfect competition earn only normal profits. Due to free entry and exit of firms, abnormal profits or losses do not persist.

A. What is meant by normal profit? 1

B. Why do firms earn only normal profit in the long run? 2

C. Which features of perfect competition leads to this situation? 1

8. A. How will a change in price of coffee affect the equilibrium price of tea? Explain the effect on equilibrium quantity with the help of diagram. 3

B. Market is in equilibrium but supply decrease and demand curve is perfectly inelastic.3

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