

## Principles of Economics Icom Part 1 English Medium Chapter 2 Online Test

| Sr | Questions   | Answers Choice   |
|----|---|--|
| 1  | When total utility is decreasing, marginal utility is   | A. Zero<br>B. Positive<br>C. Negative<br>D. Maximum  |
| 2  | Consumer's behaviour means:   | A. Selection<br>B. Purchase<br>C. Sale<br>D. Both (a) and (b)  |
| 3  | Slope of marginal utility curve is  | A. Positive<br>B. Negative<br>C. Vertical<br>D. Horizontal   |
| 4  | The name of first law of consumption is   | A. Law of demand<br>B. Law of diminishing marginal utility<br>C. Law of equi marginal utility<br>D. Law of supply  |
| 5  | Marginal utility at the point of satiety is   | A. Zero<br>B. Positive<br>C. Negative<br>D. Initial  |
| 6  | One of the following is not assumption of law of diminishing marginal utility                         | A. Same nature of the commodity<br>B. Consumption of the commodity with intervals<br>C. Suitable quantity of the commodity<br>D. No change in consumers mental condition |
| 7  | Utility attained by all the units of a commodity consumed   | A. Positive utility<br>B. Negative utility<br>C. Total utility<br>D. Marginal utility  |
| 8  | Cardinal utility approach was presented by:   | A. Adam smith<br>B. Keynes<br>C. Robbins<br>D. Marshall  |
| 9  | Who said that utility cannot be measured  | A. Adam smith<br>B. Marshall<br>C. Keynes<br>D. Hicks  |
| 10 | Utility attained by consuming an additional or last unit of a commodity                               | A. Positive utility<br>B. Negative utility<br>C. Zero utility<br>D. Marginal utility   |
| 11 | First law of consumption is known as:   | A. Law of supply<br>B. Law of demand<br>C. Law of diminishing marginal utility<br>D. Law of equi marginal utility  |
| 12 | According to law of diminishing marginal utility, Utility of every new (Additional) unit of commodity | A. Increases<br>B. Decreases<br>C. Remains constant<br>D. None of these  |
| 13 | Which law is applied when marginal utilities of all the purchased goods become equal to each other    | A. Law of diminishing marginal utility<br>B. Law of equi marginal utility<br>C. Law of demand<br>D. Law of increasing return   |
| 14 | When marginal utility is zero, than total utility is:   | A. Minimum<br>B. Positive<br>C. Maximum<br>D. Zero   |
| 15 | After achieving point of Satiation the total utility starts   | A. Rising<br>B. Declining<br>C. Remains constant   |

|    |   |  |
|----|---|--|
|    |   | D. None of these   |
| 16 | Total utility increases when marginal utility is                            | A. Positive<br>B. Negative<br>C. Zero<br>D. Minimum  |
| 17 | Human wants are:  | A. Limited<br>B. Unlimited<br>C. Re-appear<br>D. Both (b) and (c)  |
| 18 | On which of the following law of diminishing marginal utility is applicable | A. Money and wealth<br>B. Diamonds and jewels<br>C. Goods of fashion<br>D. Necessities of life   |
| 19 | Total utility always:   | A. Decreases<br>B. 1st increases then decreases<br>C. Maximum<br>D. Negative   |
| 20 | According to which economist, utility is measureable                        | A. Marshall<br>B. Adam smith<br>C. Robbins<br>D. Keynes  |
| 21 | Which economist did present, cardinal theory of utility                     | A. Marshall<br>B. Karoos<br>C. Cannon<br>D. J.B. Say   |
| 22 | First and basic law of consumption is                                       | A. Law of demand<br>B. Law of decreasing return<br>C. Law of supply<br>D. Law of diminishing marginal utility  |
| 23 | When marginal utility is zero, then total utility is                        | A. Minimum<br>B. Positive<br>C. Maximum<br>D. Zero   |
| 24 | Other name of law of equi marginal utility is                               | A. Law of diminishing marginal utility<br>B. Law of demand<br>C. Law of constant return<br>D. Law of indifference  |
| 25 | Initial utility of a product is:  | A. Highest<br>B. Lowest<br>C. Constant<br>D. All of these  |
| 26 | Feature of a commodity to satisfy human want, is called                     | A. Value<br>B. Usefulness<br>C. Utility<br>D. Wealth   |
| 27 | TU is maximum where MU of all goods is:                                     | A. Minimum<br>B. Maximum<br>C. Negative<br>D. Equal  |
| 28 | Which of the following stated that utility is measurable                    | A. Marshall<br>B. Adam Smith<br>C. Robbins<br>D. Keynes  |
| 29 | Objective of a rational consumer is   | A. To save maximum amount from his limited income<br>B. To buy goods at minimum price<br>C. Best choice from existing economic goods<br>D. To attain maximum utility from the spent amount |
| 30 | Total utility decreases when marginal utility is                            | A. Positive<br>B. Negative<br>C. Zero<br>D. Maximum  |
| 31 | Utility of a commodity is zero, when  | A. Want is satisfied upto a certain extent<br>B. Want is fully satisfied<br>C. Utility is positive<br>D. Want is not satisfied   |
| 32 | Marginal utility curve moves  | A. From left to right downward<br>B. From left to right upward<br>C. Parallel to y axis  |

|    |   |   |
|----|---|---|
|    |   | C. Parallel to x-axis<br>D. Parallel to y-axis  |
| 33 | To determine consumer's equilibrium, professor Marshall got help from the law   | A. Law of diminishing marginal utility<br>B. Law of equi marginal utility<br>C. Law of demand<br>D. Law of constant return  |
| 34 | On which of the following law of diminishing marginal utility is applicable   | A. Money and wealth<br>B. Historical articles<br>C. Normal goods of need<br>D. Narcotics  |
| 35 | Guides finance minister for levying tax on the income of the people   | A. Law of demand<br>B. Law of equi marginal utility<br>C. Law of diminishing marginal utility<br>D. Law of supply   |
| 36 | Which economist stated that utility is not measurable   | A. Adam Smith<br>B. Marshall<br>C. Cannon<br>D. Hicks   |
| 37 | The term marginal in economics means:   | A. An additional unit<br>B. Change in unit<br>C. Last unit<br>D. All of them  |
| 38 | Consumer's equilibrium takes place at that point where:   | A. MU is negative<br>B. MU is positive<br>C. TU is maximum<br>D. MU is maximum  |
| 39 | When no satisfaction is attained by the consumption of a commodity, its marginal utility is                                     | A. Zero<br>B. Positive<br>C. Negative<br>D. Minimum   |
| 40 | According to law of diminishing marginal utility, marginal utility of a commodity   | A. Increases<br>B. Decreases<br>C. Remains constant<br>D. Become negative   |
| 41 | Which law provides the base of law of demand  | A. Law of supply<br>B. Law of diminishing marginal utility<br>C. Law of equi marginal utility<br>D. Law of decreasing return  |
| 42 | Law of diminishing marginal utility provides basis for:   | A. Law of demand<br>B. Law of equi marginal utility<br>C. Law of supply<br>D. Both (a) and (b)  |
| 43 | Total utility is maximum when marginal utility is   | A. Positive<br>B. Negative<br>C. Zero<br>D. Minimum   |
| 44 | Initial utility is _____ individual utilities of all the units  | A. More than<br>B. Less than<br>C. Equal to<br>D. None of these   |
| 45 | Curve of law of diminishing marginal utility  | A. Moves from left to right downward<br>B. Moves from left to right upward<br>C. Firstly it has a tendency to rise up and after a certain limit it starts falling<br>D. It is parallel to ox-axis |
| 46 | Want of a commodity is satisfied, when its marginal utility is  | A. Positive<br>B. Zero<br>C. Negative<br>D. Minimum   |
| 47 | Concept of law of diminishing marginal utility was presented by professor   | A. Marshall<br>B. Robbins<br>C. Keynes<br>D. Pigou  |
| 48 | Utility of the last unit of a commodity consumed is called  | A. Positive utility<br>B. Negative utility<br>C. Total utility<br>D. Marginal utility   |
| 49 | Other things remaining the same, marginal utility of a commodity diminishes with its continuous consumption. This law is called | A. Law of diminishing marginal utility<br>B. Law of equi marginal utility<br>C. Law of demand<br>D. Law of decreasing return  |

|    |  |   |
|----|--|---|
| 50 | The price of non-economic want is always:                                  | A. Very high<br>B. Very Low<br>C. Negative<br>D. Zero   |
| 51 | Utility attained by the consumption of first unit of a commodity is called | A. Positive utility<br>B. Negative utility<br>C. Initial utility<br>D. Zero utility                   |
| 52 | When marginal utility is positive, total utility:                          | A. Decreases<br>B. Increases<br>C. Zero<br>D. All of them   |
| 53 | Capital goods are those which can satisfy human wants:                     | A. Directly<br>B. Indirectly<br>C. Proportionate<br>D. None of these                                  |
| 54 | Utility can not be measurable who has said                                 | A. Marshall<br>B. Hicks<br>C. Pigou<br>D. Adam Smith  |
| 55 | When marginal utility is negative, then total utility                      | A. Decreases<br>B. Increases<br>C. Does not change<br>D. Becomes negative                             |
| 56 | Law of equi-marginal utility is also known as:                             | A. Total utility maximizing law<br>B. Law of substitution<br>C. Law of indifference<br>D. All of them |
| 57 | In mathematics, symbol for utility is used                                 | A. U<br>B. M<br>C. X<br>D. Y  |
| 58 | The decreasing part of TU curve shows:                                     | A. MU is zero<br>B. MU is negative<br>C. MU is increasing<br>D. MU is decreasing                      |
| 59 | Marginal utility always:   | A. Decreases<br>B. Increases<br>C. Zero<br>D. Negative  |
| 60 | When marginal utility is positive, total utility                           | A. Goes on decreasing<br>B. Goes on increasing<br>C. Does not change<br>D. Is zero                    |
| 61 | When marginal utility is negative, total utility:                          | A. Decreases<br>B. Increases<br>C. Does not change<br>D. Negative                                     |
| 62 | Economist who presented the first law of consumption                       | A. Marshall<br>B. Adam Smith<br>C. Robbins<br>D. Pigou  |
| 63 | Consumer goods are those goods which the consumers consume                 | A. Directly<br>B. Indirectly<br>C. Sometimes<br>D. Never  |
| 64 | The concept of utility is:   | A. Subjective<br>B. Moral<br>C. Objective<br>D. Neutral   |
| 65 | One of the following is non economic want:                                 | A. Car<br>B. Bike<br>C. Fan<br>D. Self respect  |
| 66 | The power of a good or service to satisfy a human want is called:          | A. Value<br>B. Price<br>C. Utility<br>D. All of them  |
| 67 | When total utility is increasing marginal utility is                       | A. Zero<br>B. Positive<br>C. Negative<br>D. Maximum   |

68

Utility is related with

- A. Usefulness
- B. Useless
- C. Necessities
- D. Desire