

Economics Ics Part 1 English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	A horizontal demand curve has a price elasticity of	A. zero B. infinity C. 1 D. variable
2	With rapid economic growth in a country the individual demand curve will:	A. Rise B. Fall C. Extend D. Contract
3	Haris has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Haris did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is	A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic
4	The demand curve is negatively sloped due to	A. Income effect B. Substitution effect C. Price effect D. All the three
5	Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is	A. 10% B. 30% C. 3 D. 1/3
6	Price elasticity of demand measures	A. change in price caused by changes in demand B. the rate of change of sales C. the responsiveness of demand to price changes D. the value of sales at a given price
7	A seller can increase his sales revenue by charging a lower price, if the demand has	A. $e < 1$ B. $e = 1$ C. $e > 1$ D. $e = 0$
8	The demand of a good falls when.	A. Its price falls B. Price of the substitute changes C. its price rises D. Its price remains constant
9	If demand is unitary elastic, a 25% increase in price will result in	A. 25% change in total revenue B. no change in quantity demanded C. 1% decrease in quantity demanded D. 25% decrease in quantity demanded
10	If elasticity of demand is very low it shows that the commodity is	A. a necessity B. a luxury C. has little importance in total budget D. a and c above
11	If price elasticity of demand is very low, the commodity is	A. necessity B. luxury C. substitute D. not available
12	Income elasticity of demand for normal good is always	A. 1 B. more than one C. negative D. positive
13	The demand of a commodity having many substitutes is	A. more elastic B. less elastic C. zero elastic D. infinite elastic
14	Which one can cause a change in demand	A. change in income B. change in supply C. change in tastes D. a and c of above

15	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
16	When cross elasticity of demand for A and B is positive number, one can conclude that	A. the goods are cheaper B. the goods are inferior C. the goods are substitutes D. the goods are complements
17	The law of demand will not be apply in case of	A. Inferior goods B. Superior goods C. Normal goods D. Non of them
18	The law demand will not be valid in case of.	A. Very high price products B. Normal goods C. Price effect D. Income effects
19	Normally a demand curve will have the shape	A. horizontal B. vertical C. downward sloping D. upward sloping
20	If demand has unit price elasticity, a change in price causes	A. increase in total revenue B. decrease in total revenue C. no change in total revenue D. indeterminate