

Economics Ics Part 1 English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	Which of the following is a demand function?	A. $Q + 4P = 20$ B. $Q = 35 + 3P$ C. $Q - 2P - 15 = 0$ D. $5P - Q = 4$
2	One of the following is not an exception the law of demand.	A. Very high price products B. Very low price products C. Ignorance of consumers D. Non of the above
3	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
4	Price elastic 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
5	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
6	A horizontal demand curve has a price elasticity of	A. zero B. infinity C. 1 D. variable
7	Demand is a function of	A. price B. quantity C. supply D. none
8	One of the following will not cause a rise and fall on demand.	A. Change in income B. Change in weather C. Discovery of a substitute D. Distribution of income remaining the same
9	Which one is the assumption of law of demand?	A. price of the commodity should not change B. quantity demand should not change C. income of the consumer should not change D. none of the above
10	When demand is perfectly inelastic, an increase in price will result in	A. decrease in total revenue B. increase in total revenue C. no change in total revenue D. decrease in quantity demanded
11	The elasticity of demand of durable goods is	A. less than unity B. greater than unity C. equal to unity D. zero
12	The demand of a will expand when:	A. Other things do not remain constant. B. Price of the products changes. C. Value of money falls. D. None of the three
13	When the price of a product falls and as a consequence the demand for the product increase. it will be.	A. Rise of demands B. Fall of demand C. Extension of demand D. Contraction on demand
14	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. -

		D. Luxuries
15	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
16	Other things equal, if a good has more substitutes, its price elasticity of demand is	A. larger B. smaller C. zero D. unity
17	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
18	The demand of a good falls when.	A. Its price falls B. Price of the substitute changes C. its price rises D. Its price remain constant
19	When the demand of a product rises due to factors except price it will be.	A. Extension of demands B. Rise of demand C. Contraction of demand D. Extension of demand
20	Cross elasticity of Suzuki and Honda cars will be	A. Positive B. negative C. zero D. infinite
21	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
22	If price elasticity of demand is very low, the commodity is	A. necessity B. luxury C. substitute D. not available
23	The demand curve slopes downward from left to right because of:	A. Income effect B. Substitution effect C. Entry of new buyers D. All of the above
24	Mr. Suleri bought 50 litters of petrol when his monthly income was Rs. 25000. Now his monthly income has risen to Rs. 50000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is	A. 1 B. 100% C. less than one D. more than one
25	With rapid economic growth in a country the individual demand curve will:	A. Rise B. Fall C. Extend D. Contract
26	The law of demand will not be valid in case of.	A. Very high price products B. Normal goods C. Price effect D. Income effects
27	Income elasticity of demand for normal good is always	A. 1 B. more than one C. negative D. positive
28	Law of demand shows relation between	A. income and price of commodity B. price and quantity of a commodity C. income and quantity demanded D. quantity demanded and quantity supplied
29	When price elasticity of demand for normal goods is calculated, the value is always	A. positive B. negative C. constant D. greater than one
30	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
31	This is an assumption of law of demand	A. price of the commodity does not change B. quantity should not change C. supply should not change

		<p>C. supply should not change D. income of consumer should not change</p>
32	A seller can increase his sales revenue by charging a lower price, if the demand has	<p>A. $e < 1$ B. $e = 1$ C. $e > 1$ D. $e = 0$</p>
33	The law of demand will not be apply in case of	<p>A. Inferior goods B. Superior goods C. Normal goods D. Non of them</p>
34	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	<p>A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic</p>
35	The demand curve is negatively sloped due to	<p>A. Income effect B. Substitution effect C. Price effect D. All the three</p>
36	If elasticity of demand is very low it shows that the commodity is	<p>A. a necessity B. a luxury C. has little importance in total budget D. a and c above</p>
37	The demand of a commodity having many substitutes is	<p>A. more elastic B. less elastic C. zero elastic D. infinite elastic</p>
38	The following are causes of shift in demand EXCEPT the one	<p>A. change in income B. change in price C. change in fashion D. change in prices of substitutes</p>
39	Irrespective of price, Somia always spends Rs. 100 a week on ice cream, we conclude that	<p>A. elasticity of demand is 0 B. elasticity of demand is 1 C. elasticity of demand is infinite D. law of demand has been violated</p>
40	If demand is inelastic, a change in the price	<p>A. will change the quantity in same direction B. will change total revenue in same direction C. will change total revenue in the opposite direction D. will not change quantity</p>
41	This is the assumption of law of demand	<p>A. price of the commodity should not change B. Quantity demanded should not change C. Price of substitutes should not change D. Demand curve must be linear</p>
42	Normally a demand curve will have the shape	<p>A. horizontal B. vertical C. downward sloping D. upward sloping</p>
43	To say that two goods are unrelated, their cross price elasticity of demand should be	<p>A. less than 0 B. greater than 0 C. equal to 0 D. 1</p>
44	Market demand curve is a summation of all individual demand curves as	<p>A. Vertical B. horizontal C. mathematical D. local</p>
45	If quantity demanded is completely unresponsive to changes in price, demand is	<p>A. inelastic B. unit elastic C. elastic D. perfectly inelastic</p>
46	Which one can cause a change in demand	<p>A. change in income B. change in supply C. change in tastes D. a and c of above</p>