

## Principles of Economics Icom Part 1 English Medium Chapter 3 Online Test

Sr	Questions	Answers Choice
1	When supply curve shifts rightward or down it is called	A. <b>Rise of supply</b> B. Fall of supply C. Extension of supply D. Contraction of supply
2	What functional relationship is present between demand and price	A. positive B. <b>inverse</b> C. increasing D. none of these
3	If supply rises more proportionately than that of demand, then	A. Equilibrium price increases B. <b>Equilibrium price decreases</b> C. Equilibrium price does not change D. Equilibrium quantity decreases
4	Under certain conditions, slope of demand curve is	A. Negative B. <b>Positive</b> C. Zero D. Fixed
5	Movement on the same demand curve is called:	A. Increase in demand B. Rise and fall in demand C. Decrease in demand D. <b>Expansions and contraction in demand</b>
6	If supply of a commodity changes by less than 10% due to a 10% change in its price, then elasticity of supply will be	A. Equal to unity B. More than unity C. <b>Less than unity</b> D. Zero
7	Who does determine the reserve price	A. Buyer B. <b>Seller</b> C. Government D. District administration
8	If the total expenditure of the consumer increases due to increase in price, then nature of elasticity of demand will be	A. Equal to unity B. <b>Less than unity</b> C. More than unity D. Elasticity of demand = zero
9	The demand curve slopes	A. upwards B. Horizontal C. vertical D. <b>downward to the right</b>
10	The duty of a market is not to	A. make exchange of goods B. contact buyers and sellers C. determine price D. <b>give maximum output</b>
11	If demand does not change, then due to fall of supply	A. <b>Equilibrium price increases</b> B. Equilibrium price decreases C. Equilibrium quantity increases
12	According to the law of supply, there is relation in price and supply	A. Inverse B. <b>Increasing</b> C. Negative D. indirect
13	If demand decreases by 15% due to 10% increase in Price, then elasticity of demand is	A. Equal to unity B. <b>More than unity</b> C. Less than unity D. Zero
14	The cause of extension and contraction of demand is	A. Income B. <b>Price</b> C. Population D. Technology
15	Demand for the commodities having different uses	A. Less elastic B. <b>More elastic</b> C. Perfectly inelastic D. Infinitely elastic

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16 Demand for a commodity means

A. Desire to purchase  
B. Power to purchase  
C. Price of commodity  
D. All the three

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17 Elasticity of supply is the name of

A. Change in price  
B. Change in income  
C. Feature of change in supply  
D. Change in price and income

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18 If the percentage change in supply is more than the percentage change in price, then elasticity of supply is called

A. Equal to unity  
B. Less than unity  
C. More than unity  
D. Infinite

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19 When supply curve shifts leftwards or up, it is called

A. Rise of supply  
B. Fall of supply  
C. Extension of supply  
D. Contraction of supply

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20 When there is big change in demand and price of a commodity, it is called

A. Point elasticity  
B. Arc elasticity  
C. Cross elasticity  
D. Income elasticity

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