

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

Sr	Questions	Answers Choice
1	The cause of rise and fall of demand is	A. income B. price C. population D. Both 1st and 3rd
2	When price of a commodity decreases but its demand does not change, this situation is called	A. Constant demand B. Fall of demand C. Rise of demand D. Extension of demand
3	Intersection of demand and supply curve is called	A. Equilibrium of firm B. Equilibrium of demand C. Equilibrium of supply D. Equilibrium point
4	When price decreases, supply	A. Extends B. Contracts C. Becomes zero D. Remains fixed
5	The demand curve slopes	A. upwards B. Horizontal C. vertical D. downward to the right
6	If demand decreases by 10% due to 10% increase in Price, then elasticity of demand is	A. Equal to unity B. More than unity C. Less than unity D. Zero
7	The duty of a market is not to	A. make exchange of goods B. contact buyers and sellers C. determine price D. give maximum output
8	If supply of a commodity changes by more than 10% due to 10% change in its price, then elasticity of supply will be	A. Equal to unity B. More than unity C. Less than unity D. Infinite
9	If demand rises more proportionately than that of supply, then	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity decreases
10	Demand for basic necessities of life is:	A. Perfectly elastic B. Less elastic C. Perfectly inelastic D. More elastic
11	If supply curve is vertical (parallel to y-axis), then elasticity of supply is	A. Zero B. Infinite C. Equal to unity D. More than unity
12	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. Less than unity C. More than unity D. Elasticity of demand = zero
13	What is meant by demand for a commodity in economics	A. To desire for a commodity B. To have power to buy C. To have power to buy a commodity with desire D. Quantity of a commodity
14	If the total expenditure of the consumer does not change due to increase or decrease (change) in price, then nature of elasticity of demand will be	A. Equal to unity B. Less than unity C. More than unity D. Elasticity of demand = zero
15	If demand does not change, then due to fall of supply	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium quantity increases

16	Cause of shifting of demand curve is	A. Change in price B. Desire C. Other factors D. Exceptions
17	If quantity demanded for a commodity changes due to the change in income, it is called	A. Price elasticity B. Point elasticity C. Cross elasticity D. Income elasticity
18	Elasticity of demand for durable goods is	A. More elastic B. Less elastic C. Infinte D. Zero
19	If the demand for a commodity is less elastic, then an entrepreneur in order to increase his profit	A. Will increase its price B. Will decrease its price C. Will not change its price D. None of these
20	If the total expenditure of the consumer decreases due to decrease in price, then nature of elasticity of demand will be	A. Equal to unity B. Less than unity C. More than unity D. Elasticity of demand = zero