

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

Sr	Questions	Answers Choice
1	If 50% change in demand in response of 30% change in price then:	A. Elasticity of demand = 1 B. Elasticity of demand < 1 C. Elasticity of demand > 1 D. Elasticity of demand = 0
2	If supply decreases due to decrease in price, it is called	A. Extension of supply B. Contraction of supply C. Rise of supply D. Fall of supply
3	At equilibrium price, demand and supply	A. Increase B. Become equal C. Decrease D. are different
4	When supply curve shifts rightward or down it is called	A. Rise of supply B. Fall of supply C. Extension of supply D. Contraction of supply
5	Demand for good like Television and VCR is	A. Less elastic B. More elastic C. Perfectly inelastic D. Infinitely elastic
6	If there is slight change in price and demand, it is called	A. Arc elasticity B. Point elasticity C. Income elasticity D. Cross elasticity
7	Quantity of a commodity which the consumers are ready to purchase at a particular price, is called	A. Demand B. Supply C. Stock D. Demand and supply
8	When there is a very small change in demand and price of a commodity, it is called	A. Point elasticity B. Arc elasticity C. Cross elasticity D. Income elasticity
9	Income elasticity of demand is concerned with	A. Income and consumption of wealth B. Income and demand for good C. Price and income of the consumer D. Price and demand for good
10	If supply increase due to increase in price, it is called	A. Extension of supply B. Contraction of supply C. Rise of supply D. Fall of supply
11	Stock means the quantity of a commodity	A. Which is offered for sale in the market B. Which is sold in the market C. Total production is called stock D. Which the seller keeps in his possession without selling
12	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
13	Which one is not condition of perfect competition	A. Homogeneity of good B. Difference in price of good C. Large number of buyers and sellers D. Perfect knowledge of market
14	Relationship between price and quantity demanded is called	A. Demand schedule B. Demand curve C. Law of demand D. Assumptions of law of demand
		A. Desire

15	The term demand in economics means:	B. Purchasing C. Need D. Both (a) and (b)
16	If demand changes by less than 10% due to 10% change in price, then elasticity of demand is called	A. Equal to unity B. More than unity C. Less than unity D. Infinite
17	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
18	Cause of shifting of supply curve is	A. Change in price B. Other factors C. Change in tax D. Change in income
19	Who did present formula to measure Arc elasticity of demand	A. Adam Smith B. Marshall C. Allen D. Keynes
20	If demand does not change, then due to rise of supply	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity decreases