

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

Sr	Questions	Answers Choice
1	If the rate of change in price and quantity demand is in equal ratio, then Elasticity of demand is:	A. Equal to zero B. Equal to one C. Smaller than one D. Greater than one
2	The goods which are jointly demanded are called:	A. Substitute goods B. Complimentary goods C. Alternative goods D. None of these
3	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
4	A textile mill produces 2000 meters cloth. Entrepreneur offers 1500 meters cloth to sell at price Rs 100 per meter and 500 meters cloth keeps with him. Cloth kept by the entrepreneur is called	A. Total production B. Supply C. Stock D. Surplus production
5	Demand for luxuries goods is:	A. Perfectly elastic B. Less elastic C. Perfectly inelastic D. More elastic
6	If quantity demand changes due to the change in income, it is called:	A. Point Elasticity of demand B. Arc Elasticity of demand C. Income Elasticity of demand D. Price Elasticity of demand
7	Who does determine the reserve price	A. Buyer B. Seller C. Government D. District administration
8	The price at which quantity demanded and supplied are equal	A. Equilibrium price B. Reserve price C. Fixed price D. Variable price
9	Elasticity of demand for durable goods is	A. More elastic B. Less elastic C. Infinte D. Zero
10	Market equilibrium is determined when	A. Demand = supply B. Demand > supply C. Demand < supply D. Demand = zero
11	A slight change in demand and price is called:	A. Point Elasticity of demand B. ArcElasticity of demand C. CrossElasticity of demand D. PriceElasticity of demand
12	Demand for Giffen goods is:	A. Negative B. Vertical C. Positive D. All of them
13	Degree of change in quantity supplied due to change in price is called	A. Extension of supply B. Rise of supply C. Elasticity of supply D. None of three
14	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. Less than unity D. Zero
15	When demand for a commodity changes due to the change in price of some other commodity, it is called	A. Point elasticity B. Arc elasticity C. income elasticity D. cross elasticity

16	If 50% change in demand in response of 50% change in price then:	A. Elasticity of demand = 1 B. Elasticity of demand > 1 C. Elasticity of demand < 1 D. Elasticity of demand = 0
17	Demand for the commodities whose use can be postponed is	A. Less elastic B. More elastic C. Perfectly inelastic D. infinitely elastic
18	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
19	Elasticity of demand for luxuries is	A. Equal to unity B. More than unity C. Less than unity D. Zero
20	If elasticity of supply is equal to unity then extending supply curve downward, it passes through or crosses	A. y-axis B. x-axis C. Point of origin D. Becomes vertical