

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

Sr	Questions	Answers Choice
1	When demand curve shifts leftward (or downward), it is called	A. Rise of demand B. Fall of demand C. Extension of demand D. Contraction of demand
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	If the demand for a commodity is more 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
4	If demand for commodity X changes due to the change in price of commodity, it is called	A. Cross elasticity B. Price elasticity C. Income elasticity D. Arc elasticity
5	If supply of a commodity changes by 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. Zero
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	One of the following is not substitute good:	A. Mobile and charger B. Petrol and CNG C. Burger and Shawarma D. Both b & c
8	The price at which quantity demanded and supplied are equal	A. Equilibrium price B. Reserve price C. Fixed price D. Variable price
9	If supply does not change, then due to rise of demand	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity decreases
10	Intersection of demand and supply curve is called	A. Equilibrium of firm B. Equilibrium of demand C. Equilibrium of supply D. Equilibrium point
11	When demand and supply rise equally then equilibrium price	A. isles B. is more C. Remains the same D. Zero
12	Demand for the commodities whose use can be postponed is	A. Less elastic B. More elastic C. Perfectly inelastic D. infinitely elastic
13	Quantity supplied of a commodity extends because	A. Population changes B. Change occurs in assumptions of law of supply C. Income of the entrepreneur increases D. Price of the commodity increases
14	The cause of shifting of supply curve is	A. Change in price B. Other factors C. change in serving D. change in demand
15	The demand curve slopes	A. upwards B. Horizontal C. vertical

D. downward to the right

16 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

17 If price of a commodity remains constant but its supply decreases or price increases but supply remains constant, it is called
A. Rise of supply
B. Extension of supply
C. Fall of supply
D. Contraction of supply

18 Supply curve moves from left to right upward, this tendency is called
A. Negative
B. Positive
C. Horizontal
D. Vertical

19 In case of fall in demand, demand curve shifts:
A. Left side
B. Right side
C. Downward
D. Both (a) and (c)

20 Measurement of arc elasticity of demand was present:
A. Keynes
B. Marshall
C. Adam smith
D. R.G.D Allen
