

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

Sr	Questions	Answers Choice
1	Formula method to measure elasticity of supply is related to	A. Marshall B. Robbins C. R.G.D Allen D. Flux
2	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
3	If demand changes by 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
4	The price at which quantity demanded and supplied are equal	A. Equilibrium price B. Reserve price C. Fixed price D. Variable price
5	If two goods are substitute, cross Elasticity of demand will be:	A. Zero B. Infinite C. Positive D. Negative
6	If demand is not influenced by the changes in price, elasticity of demand will be	A. Equal to unity B. More than unity C. Less than unity D. Zero
7	If supply curve is horizontal (parallel to x-axis) then elasticity of supply is	A. Zero B. Infinite C. Equal to unity D. More than unity
8	Finance minister in order to increase the public revenue, imposes tax on the commodities whose demand is less elastic	A. At low rate B. At high rate C. Some times decreases the tax rate and some times increases the tax rate D. Does not change tax rate
9	In case of perfectly elastic supply or infinite elasticity of supply, supply curve is	A. Horizontal (parallel to x-axis) B. Vertical (parallel to y-axis) C. Positive sloped D. Negative sloped
10	Supply of goods depends on	A. price B. income C. income and price D. utility
11	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
12	The goods which can be used in place of each other, are called	A. Complimentary goods B. Substitute goods C. Alternative goods D. Jointly demanded goods
13	When price decreases, supply	A. Extends B. Contracts C. Becomes zero D. Remains fixed
14	If demand and supply both rise in the same proportion, then	A. Equilibrium price decreases B. Equilibrium price does not change C. Equilibrium price increases D. Equilibrium quantity decreases
15	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

16	Slope of demand curve of exceptions of law of demand is	A. Negative B. Positive C. Zero D. Fixed
17	The cause of shifting of supply curve is	A. Change in price B. Other factors C. change in serving D. change in demand
18	If the ratio of change in demand is less than the ratio of change in price, elasticity of demand will be	A. More than unity B. Less than unity C. Equal to unity D. Zero
19	Demand for luxuries goods is:	A. Perfectly elastic B. Less elastic C. Perfectly inelastic D. More elastic
20	If demand and supply both fall in the same proportion	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity increases