

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

Sr	Questions	Answers Choice
1	If same amount of good is supplied at higher price, it is called	A. Expansion of supply B. Contraction of supply C. Fall in supply D. Rise in supply
2	Demand for the commodities having different uses	A. Less elastic B. More elastic C. Perfectly inelastic D. Infinitely elastic
3	Cause of positive slope of supply curve	A. Change in cost of production B. Fear of increase in cost of production and decrease in profit C. Change in technique of production D. Increase in per unit profit due to increase in price
4	Under certain conditions, slope of demand curve is	A. Negative B. Positive C. Zero D. Fixed
5	If two goods are complimentary, cross Elasticity of demand will be:	A. Zero B. Infinite C. Positive D. Negative
6	If the ratio of change in demand is equal to the ratio of change in price, elasticity of demand will be	A. More than unity B. Less than unity C. Equal to unity D. Infinite
7	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
8	Unity method to measure elasticity of supply is presented by	A. Adam Smith B. Robbins C. Marshall D. Faruson
9	Who did present unity method to measure elasticity of demand	A. Adam Smith B. Marshall C. Robbins D. keynes
10	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
11	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
12	If the percentage change in supply is more than the percentage change in price, then elasticity of supply is called	A. Equal to unity B. Less than unity C. More than unity D. Infinite
13	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
14	If two goods are substitute, cross Elasticity of demand will be:	A. Zero B. Infinite C. Positive D. Negative
15	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

16	The goods which are jointly demanded to satisfy a want, are called	A. Complimentary goods B. Substitute goods C. Alternative goods D. inferior goods
17	According to law of supply, supply curve moves from left to right upward, this tendency is called	A. Positive B. Negative C. Horizontal D. Vertical
18	When supply curve shifts leftwards or up, it is called	A. Rise of supply B. Fall of supply C. Extension of supply D. Contraction of supply
19	When there are small and minor changes in price and demand then	A. Price elasticity B. Income elasticity C. Cross elasticity D. Point elasticity
20	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
