

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

Sr	Questions	Answers Choice
1	If demand decreases by 5% due to 10% increase in Price, then elasticity of demand is	A. Equal to unity B. More than unity C. Less than unity D. Zero
2	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
3	Rise of supply can be shown with the help of	A. A supply curve B. More than one supply curves C. Fixed supply curve D. Vertical supply curve
4	Due to fall in demand, curve shifts to	A. Right B. Left C. Both sides D. None of these
5	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
6	Some inferior goods having expensive substitutes are known as:	A. Economic goods B. Giffen goods C. Non-economic goods D. Free goods
7	Demand for basic necessities of life is:	A. Perfectly elastic B. Less elastic C. Perfectly inelastic D. More elastic
8	The cause of extension and contraction of demand is	A. Income B. Price C. Population D. Technology
9	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
10	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
11	If demand does not change, despite a fall in price, is called	A. Fall of demand B. Rise of demand C. Contraction of demand D. Extension of demand
12	The goods on which law of demand does not apply, are called	A. Services B. Goods and services C. Giffin goods D. Capital goods
13	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
14	Equilibrium means	A. the condition that is not possible B. an unstable condition C. a condition that can change D. stable position
15	Market equilibrium is attained when there exists in the market	A. Perfect competition B. Imperfect competition C. Monopoly

		D. Large quantity of commodity comes in the market
16	When supply changes due to other factors besides price, it is called	A. Rise of supply B. Fall of supply C. Rise and fall of supply D. Extension and contraction of supply
17	Flux method is also known as:	A. Percentage method B. Unitary method C. Total expenditure method D. All of them
18	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
19	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
20	If demand curve is parallel to x-axis, then elasticity of demand is	A. Infinite B. Zero C. Equal to unity D. More than unity