

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

Sr	Questions	Answers Choice
1	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
2	Demand for necessities of life is	A. Les elastic B. More elastic C. Perfectly elastic D. Perfectly inelastic
3	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
4	Unitary method for Elasticity of demand was presented by:	A. Marshall B. Keynes C. Robbins D. Adam smith
5	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
6	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
7	Relationship between price and quantity demanded is called	A. Demand schedule B. Demand curve C. Law of demand D. Assumptions of law of demand
8	If supply curve is vertical (parallel to y-axis), then elasticity of supply is	A. Zero B. Infinite C. Equal to unity D. More than unity
9	When there is big change in demand and price of a commodity, it is called	A. Point elasticity B. Arc elasticity C. Cross elasticity D. Income elasticity
10	Unitary method is also known as:	A. Total revenue B. Total satisfaction C. Total utility D. Total expenditure
11	If there is slight change in price and demand, it is called	A. Arc elasticity B. Point elasticity C. Income elasticity D. Cross elasticity
12	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
13	That particular price below which price the seller is not ready to sell his commodity, is called	A. Market price B. Normal price C. Reserve price D. All the three
14	Which one of the following is not included in the assumptions of law of supply	A. taste of consumer B. cost of production C. Methods of production D. price of raw material
15	If price of a commodity constant but its supply increases or price decreases but supply remains constant, it is called	A. Rise of supply B. Fall of supply C. Extension of supply D. Contraction of supply

16	When there are small and minor changes in price and demand then	A. Price elasticity B. Income elasticity C. Cross elasticity D. Point elasticity
17	If demand changes by more than 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
18	If demand falls more proportionately than that of supply then	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity increases
19	Intersection of demand and supply curve is called	A. Equilibrium of firm B. Equilibrium of demand C. Equilibrium of supply D. Equilibrium point
20	In case of fall in demand, demand curve shifts:	A. Left side B. Right side C. Downward D. Both (a) and (c)