

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

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Sr	Questions	Answers Choice
1	Who did present formula to measure Arc elasticity of demand	A. Adam Smith B. Marshall C. Allen D. Keynes
2	Supply of durable goods is	A. Elastic B. Perfectly elastic C. Perfectly inelastic D. Less elastic
3	The equilibrium of the market is that demand and supply to each other are	A. opposite B. positive C. equal D. negative
4	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
5	A slight change in demand and price is called:	A. Point Elasticity of demand     B. ArcElasticity of demand     C. CrossElasticity of demand     D. PriceElasticity of demand
6	Supply of perishable goods e.g. groceries, fruit, meat etc is	A. Less elastic B. More elastic C. Perfectly inelastic D. Perfectly elastic
7	If there is slight change in price and demand, it is called	A. Arc elasticity B. Point elasticity C. Income elasticity D. Cross elasticity
8	If two goods are substitute, cross Elasticity of demand will be:	A. Zero B. Infinite C. Positive D. Negative
9	Desire + Purchasing power is equal to:	A. Demand B. Supply C. Income D. Utility
10	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
11	Finance minister in order to increase the public revenue imposes the tax on the commodities whose demand is more elastic	A. At low rate B. At high rate C. Some times decreases the rate and some times increases D. Does not change Tax rate
12	What functional relationship is present between demand and price	A. positive B. inverse C. increasing D. none of these
13	Relationship between price of a commodity and demand for it exists	A. Positive B. Inverse C. Indirect D. None of these
14	Degree of change in quantity supplied due to change in price is called	A. Extension of supply B. Rise of supply C. Elasticity of supply D. None of three
15	Quantity supplied of a commodity extends because	A. Population changes B. Change occurs in assumtions of law of supply

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16	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
17	When the price of a commodity increases but its demand does not change, this situation is called	A. Constant demand B. Fall of demand C. Rise of demand D. Contraction of demand
18	If supply rises more proportionately than that of demand, then	A. Equilibrium price increases     B. Equilibrium price decreases     C. Equilibrium price does not change     D. Equilibrium quantity decreases
19	Reserve price of a commodity is that price	A. Which is more than the cost of production of the seller B. At which the seller sells his commodity to the market C. Which is equal to the cost of production of the seller D. Below which the seller is not ready to sell his commodity
20	Demand for good like Television and VCR is	A. Less elastic B. More elastic C. Perfectly inelastic D. Infinitely elastic