

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

Sr	Questions	Answers Choice
1	In order to satisfy some wants, more than one commodities are needed. Demand for such commodities is called	A. Joint demand B. Composite demand C. Derived demand D. Direct demand
2	Supply curve shifts due to better technique of production	A. Rightward B. Leftward C. Does not change D. Vertical
3	When there is a very small change in demand and price of a commodity, it is called	A. Point elasticity B. Arc elasticity C. Cross elasticity D. Income elasticity
4	If the demand for a commodity is less 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
5	If demand did not influence by the charge in price, that is called:	A. Elasticity of demand = 1 B. Elasticity of demand \leq 1 C. Elasticity of demand \geq 1 D. Elasticity of demand = 0
6	When there are small and minor changes in price and demand then	A. Price elasticity B. Income elasticity C. Cross elasticity D. Point elasticity
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 the total expenditure of the consumer increases due to increase 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
9	The cause of extension and contraction of demand is	A. Income B. Price C. Population D. Technology
10	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
11	Flux method is also known as:	A. Percentage method B. Unitary method C. Total expenditure method D. All of them
12	Quickly destroyable goods are called	A. Superior goods B. Inferior goods C. Perishable goods D. Giffen goods
13	If there is big change in Price and demand, it is called	A. Arc elasticity B. Point elasticity C. Income elasticity D. Cross elasticity
14	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
15	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 in 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
16	A big change in demand and price is called:	A. PointElasticity of demand B. ArcElasticity of demand C. CrossElasticity of demand D. PriceElasticity of demand
17	At equilibrium price, demand and supply	A. Increase B. Become equal C. Decrease D. are different
18	Equilibrium means	A. the condition that is not possible B. an unstable condition C. a condition that can change D. stable position
19	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
20	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