

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

Sr	Questions	Answers Choice
1	Relationship between price of a commodity and demand for it exists	A. Positive B. Inverse C. Indirect D. None of these
2	Non elastic demand curve is	A. positive B. negative C. vertical D. horizontal
3	If demand rises more proportionately than that of supply, then	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity decreases
4	Demand for basic necessities of life is:	A. Perfectly elastic B. Less elastic C. Perfectly inelastic D. More elastic
5	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
6	If due to a very slight decrease in price, demand goes on increasing, elasticity of demand will be	A. More than unity B. Less than unity C. Infinite D. Zero
7	Cause of shifting of supply curve is	A. Change in price B. Other factors C. Change in tax D. Change in income
8	Elasticity of demand for substitute and jointly demanded goods is called	A. Income elasticity B. Arc elasticity C. Cross elasticity D. Point elasticity
9	If supply of a commodity changes by less than 10% due to a 10% change in its price, then elasticity of supply will be	A. Equal to unity B. More than unity C. Less than unity D. Zero
10	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
11	According to the law of supply, there is relation in price and supply	A. Inverse B. Increasing C. Negative D. indirect
12	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
13	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
14	If supply is fixed then due to fall of demand	A. Equilibrium price decreases B. Equilibrium quantity increases C. Equilibrium price increases D. Equilibrium price does not change
15	What is meant by demand for a commodity in economics	A. To desire for a commodity B. To have power to buy C. To have power to buy a

commodity with desire
D. Quantity of a commodity

16	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
17	If two goods are complimentary, cross Elasticity of demand will be:	A. Zero B. Infinite C. Positive D. Negative
18	Supply curve shifts due to better technique of production	A. Rightward B. Leftward C. Does not change D. Vertical
19	Price and demand has a relationship:	A. Negative B. Positive C. Functional D. Both a & c
20	If elasticity of supply is less than unity then extending supply curve downward, it passes through or crosses	A. y-axis B. x-axis C. Point of origin D. Becomes vertical