

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

Sr	Questions	Answers Choice
1	If price of a commodity constant but its supply increases or price decreases but supply remains constant, it is called	A. <b>Rise of supply</b> B. Fall of supply C. Extension of supply D. Contraction of supply
2	When price decreases, supply	A. <b>Extends</b> B. Contracts C. Becomes zero D. Remains fixed
3	If 50% change in demand in response of 50% change in price then:	A. <b>Elasticity of demand = 1</b> B. Elasticity of demand $< 1$ C. Elasticity of demand $> 1$ D. Elasticity of demand = 0
4	Elasticity of supply if perishable goods is	A. Equal to unity B. More than unity C. Less than unity D. Zero
5	Demand for basic necessities of life is:	A. Perfectly elastic B. <b>Less elastic</b> C. Perfectly inelastic D. More elastic
6	If total expenditure of the consumer decreases due to increase in price, then nature of elasticity of demand will be	A. Equal to unity B. Less than unity C. <b>More than unity</b> D. Elasticity of demand = zero
7	Finance minister imposes tax on the goods having more elastic demand	A. At low rate B. <b>At high rate</b> C. At the same rate D. At zero rate
8	Regarding time element, the normal price has types	A. One B. <b>Two</b> C. Three D. Four
9	Degree of change in quantity supplied due to change in price is called	A. Extension of supply B. Rise of supply C. <b>Elasticity of supply</b> D. None of three
10	Cause of shifting of supply curve is	A. Change in price B. <b>Other factors</b> C. Change in tax D. Change in income
11	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. <b>Stock</b> D. Surplus production
12	Unitary method is also known as:	A. Total revenue B. Total satisfaction C. Total utility D. <b>Total expenditure</b>
13	Which one is increasing function of price	A. Demand B. <b>Supply</b> C. Utility D. Consumption
14	Elasticity of demand for luxuries is	A. Equal to unity B. <b>More than unity</b> C. Less than unity D. Zero
15	When there are small and minor changes in price and demand then	A. <b>Price elasticity</b> B. Income elasticity C. Cross elasticity D. Point elasticity

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16 If 50% change in demand in response of 30% change in price then:

A. Elasticity of demand = 1  
B. Elasticity of demand  $\&lt;$  1  
C. Elasticity of demand  $\&gt;$  1  
D. Elasticity of demand = 0

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17 Movement on the same demand curve is called:

A. Increase in demand  
B. Rise and fall in demand  
C. Decrease in demand  
D. Expansions and contraction in demand

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18 Demand for necessities of life is

A. Less elastic  
B. More elastic  
C. Perfectly elastic  
D. Perfectly inelastic

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19 Quantity of a commodity which a person is ready to purchase at a particular price, is called

A. Individual demand  
B. Market demand  
C. Supply  
D. Market Supply

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20 The goods on which law of demand does not apply, are called

A. Services  
B. Goods and services  
C. Giffen goods  
D. Capital goods

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