

## Economics Ics Part 1 English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	Price elastic of demand measures	A. change in price caused by changes in demand B. the rate of change of sales C. the responsiveness of demand to price changes D. the value of sales at a given price
2	One of the following is not an exception the law of demand.	A. Very high price products B. Very low price products C. Ignorance of consumers D. Non of the above
3	This is the assumption of law of demand	A. price of the commodity should not change B. Quantity demanded should not change C. Price of substitutes should not change D. Demand curve must be linear
4	The demand of a good falls when.	A. Its price falls B. Price of the substitute changes C. its price rises D. It price remain constant
5	This is an assumption of law of demand	A. price of the commodity does not change B. quantity should not change C. supply should not change D. income of consumer should not change
6	Irrespective of price, Somia always spends Rs. 100 a week on ice cream, we conclude that	A. elasticity of demand is 0 B. elasticity of demand is 1 C. elasticity of demand is infinite D. law of demand has been violated
7	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
8	Normally a demand curve will have the shape	A. horizontal B. vertical C. downward sloping D. upward sloping
9	Haris has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Haris did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is	A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic
10	Cross elasticity of Suzuki and Honda cars will be	A. Positive B. negative C. zero D. infinite
11	Which one is the assumption of law of demand?	A. price of the commodity should not change B. quantity demand should not change C. income of the consumer should not change D. none of the above
12	To say that two goods are unrelated, their cross price elasticity of demand should be	A. less than 0 B. greater than 0 C. equal to 0 D. 1
13	When price elasticity of demand for normal goods is calculated, the value is always	A. positive B. negative C. constant D. greater than one

14	If demand is inelastic, a change in the price	A. will change the quantity in same direction B. will change total revenue in same direction C. will change total revenue in the opposite direction D. will not change quantity
15	If demand has unit price elasticity, a change in price causes	A. increase in total revenue B. decrease in total revenue C. no change in total revenue D. indeterminate
16	If elasticity of demand is very low it shows that the commodity is	A. a necessity B. a luxury C. has little importance in total budget D. a and c above
17	The demand of a will expand when:	A. Other things do not remain constant. B. Price of the products changes. C. Value of money falls. D. None of the three
18	Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is	A. 10% B. 30% C. 3 D. 1/3
19	The demand curve slopes downward from left to right because of:	A. Income effect B. Substitution effect C. Entry of new buyers D. All of the above
20	A horizontal demand curve has a price elasticity of	A. zero B. infinity C. 1 D. variable