

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

Sr	Questions	Answers Choice
1	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
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	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
4	Other things equal, if a good has more substitutes, its price elasticity of demand is	A. larger B. smaller C. zero D. unity
5	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
6	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
7	Law of demand shows relation between	A. income and price of commodity B. price and quantity of a commodity C. income and quantity demanded D. quantity demanded and quantity supplied
8	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
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	The elasticity of demand of durable goods is	A. less than unity B. greater than unity C. equal to unity D. zero
11	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. Luxuries
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	When the demand of a product rises due to factors except price it will be.	A. Extension of demands B. Rise of demand C. Contraction of demand D. Extension of demand
15	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 id infinite

		D. law of demand has been violated
16	The demand of a will expand when:	<p>A. Other things do not remain constant.</p> <p>B. Price of the products changes.</p> <p>C. Value of money falls.</p> <p>D. None of the three</p>
17	The demand of a good falls when.	<p>A. Its price falls</p> <p>B. Price of the substitute changes</p> <p>C. its price rises</p> <p>D. It price remain constant</p>
18	One of the following will not cause a rise and fall on demand.	<p>A. Change in income</p> <p>B. Change in weather</p> <p>C. Discovery of a substitute</p> <p>D. Distribution of income remaining the same</p>
19	The law demand will not be valid in case of.	<p>A. Very high price products</p> <p>B. Normal goods</p> <p>C. Price effect</p> <p>D. Income effects</p>
20	This is the assumption of law of demand	<p>A. price of the commodity should not change</p> <p>B. Quantity demanded should not change</p> <p>C. Price of substitutes should not change</p> <p>D. Demand curve must be linear</p>