

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

Sr	Questions	Answers Choice
1	When cross elasticity of demand for A and B is positive number, one can conclude that	A. the goods are cheaper B. the goods are inferior C. the goods are substitutes D. the goods are complements
2	The law demand will not be valid in case of.	A. Very high price products B. Normal goods C. Price effect D. Income effects
3	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
4	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
5	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
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	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
8	When the price of a product falls and as a consequence the demand for the product increase. it will be.	A. Rise of demands B. Fall of demand C. Extension of demand D. Contraction on demand
9	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. Luxuries
10	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
11	The law of demand will not be apply in case of	A. Inferior goods B. Superior goods C. Normal goods D. Non of them
12	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
13	If quantity demanded is completely unresponsive to changes in price, demand is	A. inelastic B. unit elastic C. elastic D. perfectly inelastic

14	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
15	A seller can increase his sales revenue by charging a lower price, if the demand has	A. $e < 1$ B. $e = 1$ C. $e > 1$ D. $e = 0$
16	Other things equal, if a good has more substitutes, its price elasticity of demand is	A. larger B. smaller C. zero D. unity
17	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
18	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
19	When price elasticity of demand for normal goods in calculated, the value is always	A. positive B. negative C. constant D. greater than one
20	Demand is a function of	A. price B. quantity C. supply D. none