

Principles of Economics Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	Shut down point appears, when	A. $AVC=AR$ B. $AVC > AR$ C. $AVC < AR$ D. $AC=AR$
2	To increase profit a firm minimizes	A. Revenues B. Costs C. Demand D. Supply
3	Which economist explained the absolute difference of cost of two good between two countries	A. Malthus B. Adam Smith C. Ricardo D. J.S Mill
4	The term demand in economics means:	A. Desire B. Purchasing C. Need D. Both (a) and (b)
5	During inflation prices are	A. Zero B. Low C. Increase D. Constant
6	Relationship between price of a commodity and demand for it exists	A. Positive B. Inverse C. Indirect D. None of these
7	According to the law of supply, there is relation in price and supply	A. Inverse B. Increasing C. Negative D. indirect
8	Supply of durable goods is	A. Elastic B. Perfectly elastic C. Perfectly inelastic D. Less elastic
9	In how many parts professor Adam smith divided his book "Wealth of nations"	A. Two B. Three C. Four D. Five
10	The income which a person can use according to his will is called	A. Personal income B. Disposable personal income C. Net income D. Per capita income
11	The price at which quantity demanded and supplied are equal	A. Equilibrium price B. Reserve price C. Fixed price D. Variable price
12	One of the following is not the fiscal measure to control inflation	A. Decrease in public expenditures B. Increase in the value of money C. Increase in taxes D. Encouragement of saving
13	At shut down position:	A. $AC = AR$ B. $AVC = AR$ C. $AVC < AR$ D. $AVC > AR$
14	Under monopoly average revenue curve remains the marginal revenue curve	A. Below B. Above C. Parallel D. None of these
15	Monopoly is opposite to	A. Perfect competition B. Imperfect competition C. Perfect competition and imperfect competition both

16 If the total expenditure of the consumer does not change due to increase or decrease (change) in price, then nature of elasticity of demand will be

A. Equal to unity
B. Less than unity
C. More than unity
D. Elasticity of demand = zero

17 Desire + Purchasing power is equal to:

A. Demand
B. Supply
C. Income
D. Utility

18 In case of perfectly elastic supply or infinite elasticity of supply, supply curve is

A. Horizontal (parallel to x-axis)
B. Vertical (parallel to y-axis)
C. Positive sloped
D. Negative sloped

19 If quantity demanded for a commodity changes due to the change in income, it is called

A. Price elasticity
B. Point elasticity
C. Cross elasticity
D. Income elasticity

20 If the ratio of change in demand is equal to the ratio of change in price, elasticity of demand will be

A. More than unity
B. Less than unity
C. Equal to unity
D. Infinite
