# Principles of Economics Icom Part 1 English Medium Online Test

| Sr | Questions | Answers Choice |
|---|---|---|
| 1 | If two goods are substitute, cross Elasticity of demand will be: | A. Zero<br>B. Infinite<br>C. Positive<br>D. Negative |
| 2 | When average cost curve is rising, then marginal cost curve | A. Remains below it<br>B. Remains above it<br>C. Remains parallel to it<br>D. Is vertical |
| 3 | Economic point of view of the supporters of which school of thought is the name of feeling and mental state | A. Classical<br>B. Neo classical<br>C. Ancient<br>D. Modern |
| 4 | If elasticity of supply is less than unity then extending supply curve downward, it passes through or crosses | A. y-axis<br>B. x-axis<br>C. Point of origin<br>D. Becomes vertical |
| 5 | Inductive method represents: | A. General to particular<br>B. Particular to general<br>C. Normative science<br>D. Economic planning |
| 6 | Relationship of level of prices and quantity of money | A. Positive<br>B. Negative<br>C. Indirect<br>D. 2nd and 3rd both |
| 7 | The goods which are jointly demanded to satisfy a want, are called | A. Complimentary goods<br>B. Substitute goods<br>C. Alternative goods<br>D. inferior goods |
| 8 | Equilibrium of national income is, when | A. S > 1<br>B. S = 1<br>C. S < 1<br>D. S and 1 |
| 9 | During recession demand for factors of production is | A. More<br>B. Limited<br>C. Very low<br>D. Too much |
| 10 | A slight change in demand and price is called: | A. Point Elasticity of demand<br>B. ArcElasticity of demand<br>C. CrossElasticity of demand<br>D. PriceElasticity of demand |
| 11 | It was impossible under barter system | A. Lack of coincidence of wants<br>B. Lack of common measure of value<br>C. Divisibility of some goods in small parts<br>D. Solution of all the said problems |
| 12 | Which laws are definite and universal | A. Economic laws<br>B. Moral laws<br>C. State laws<br>D. Scientific laws |
| 13 | Short run cost curves are generally | A. flatter<br>B. u shaped<br>C. saucer shaped<br>D. oval |
| 14 | National income means the income | A. Which central government earns during a year<br>B. Which provincial government earn during a year<br>C. Total wealth of a country<br>D. Rewards which the factors of production get during a year |

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| 15 | When supply decreases due to fall in price, it is called: | A. Fall in supply<br>B. Contraction in supply<br>C. Expansion in supply<br>D. Rise in supply |
| 16 | A firm is in equilibrium when its | A. Marginal revenue is equal to marginal cost<br>B. Marginal revenue is more than marginal cost<br>C. Marginal revenue is less than marginal cost<br>D. Marginal revenue is equal to average cost |
| 17 | Equilibrium level of national income means that point where | A. Consumption = saving<br>B. Consumption = investment<br>C. Income = saving + investment<br>D. Saving = Investment |
| 18 | To increase profit a firm minimizes | A. Revenues<br>B. Costs<br>C. Demand<br>D. Supply |
| 19 | Which one is not studied in micro economic | A. National income<br>B. Consumer behavior<br>C. Market equilibrium<br>D. Firm's equilibrium |
| 20 | First and basic law of consumption is | A. Law of demand<br>B. Law of decreasing return<br>C. Law of supply<br>D. Law of diminishing marginal utility |