

Principles of Economics Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	Second factor of production is	A. Land B. Labour C. Capital D. Organization
2	Economics is concerned with the attainment of material requisites	A. Robbins B. Marshall C. Pareto D. Senior
3	If $MC=MR=AC=P$, then a firm gains:	A. Super profit B. Normal profit C. Normal loss D. Abnormal loss
4	When total product decreases, marginal product	A. Is positive B. Is negative C. Is zero D. Is increasing
5	If a firm does not produce anything then its variable cost is:	A. Minimum B. Negative C. Maximum D. Zero
6	Price discrimination policy refers to:	A. Single price B. Two prices C. Multiple prices D. None of these
7	The trade that takes place between the individuals living in different areas of a country is called	A. Domestic trade B. International trade C. Foreign trade D. Regional Trade
8	Market equilibrium is determined when	A. Demand = supply B. Demand > supply C. Demand < supply D. Demand = zero
9	Convertible paper money is issued by	A. Central bank B. Commercial bank C. Industrial bank D. Central government
10	If total expenditure of the consumer increases due to decrease 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
11	The concept of utility is:	A. Subjective B. Moral C. Objective D. Neutral
12	If the demand for a commodity is less elastic, then an entrepreneur in order to increase his profit	A. Will increase its price B. Will decrease its price C. Will not change its price D. None of these
13	In law of increasing cost, marginal cost	A. Increases B. Decreases C. Remains constant D. Remains fixed
14	If demand and supply both fall in the same proportion	A. Equilibrium price increases B. Equilibrium price decreases C. Equilibrium price does not change D. Equilibrium quantity increases
15	If the person has to pay the tax on whom it is levied, then it is called	A. Direct tax B. Indirect tax C. Proportional tax D. Progressive tax

16 Which is not studied in micro economics ?
A. Theory of consumer behaviour
B. Price theory
C. **Theory of money**
D. Theory of distribution of wealth

17 Which is not counted in national income
A. Interests
B. **transfer payments**
C. Profits
D. Rents

18 If two goods are substitute, cross Elasticity of demand will be:
A. Zero
B. Infinite
C. **Positive**
D. Negative

19 When there are small and minor changes in price and demand then
A. **Price elasticity**
B. Income elasticity
C. Cross elasticity
D. Point elasticity

20 If demand decreases by 15% due to 10% increase in Price, then elasticity of demand is
A. Equal to unity
B. **More than unity**
C. Less than unity
D. Zero
