

## Principles of Economics Icom Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	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
2	Elasticity of demand for substitute and jointly demanded goods is called	A. Income elasticity B. Arc elasticity C. Cross elasticity D. Point elasticity
3	What is the reward of Labour ?	A. Rent B. Wage C. Interest D. Profit
4	If we deduct direct taxes from personal income, we get:	A. NNP B. GDP C. DPI D. PI
5	In law of increasing cost, marginal cost	A. Increases B. Decreases C. Remains constant D. Remains fixed
6	Notes and coins are legal tender money because	A. Government keeps gold and silver in their exchange B. They are issued by the commercial banks C. They are issued by the central bank D. People are bound to accept them
7	Economic problem arises due to:	A. Unlimited wants B. Limited resources C. Resources have alternative use D. All of them
8	During the phase of boom level of income and employment is	A. Increasing B. Decreasing C. Highest D. Lowest
9	During inflation prices are	A. Zero B. Low C. Increase D. Constant
10	When general price level increases due to increase in aggregate demand, it is known as?	A. Stagflation B. Hyper inflation C. Demand pull inflation D. Cost push inflation
11	One of the following is not included in the methods of removing deficit in balance of payments of a country	A. Increase in exports B. Increase in imports C. Devaluation of currency D. Decrease in the quantity of money
12	According to classical theory of international trade, a country imports those goods from the other country which	A. Are durable B. Are standardised C. Are produced comparatively at high cost D. Are not produced in that country
13	Law of increasing return is also known as:	A. Increasing cost B. Constant cost C. Diminishing cost D. Both (a) and (c)
14	Slope of demand curve is	A. Negative B. Positive C. zero D. fixed

15	kinds of money are	A. Three B. Four C. Five D. Seven
16	If the ratio of change in demand is less than the ratio of change in price, elasticity of demand will be	A. More than unity B. Less than unity C. Equal to unity D. Zero
17	In case of fall in demand, demand curve shifts:	A. Left side B. Right side C. Downward D. Both (a) and (c)
18	With an increase in the price of any good its substitutes will have	A. a fall in its price B. an increase in its prices C. an increase in its demand D. a decrease in its price
19	Under perfect competition average revenue is always - - - marginal revenue	A. Equal to B. Less than C. More than D. None of three
20	The relation between quantity of money and value of money is:	A. Positive B. Negative C. Direct D. Inverse