Economics Ics Part 1 English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	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
2	If price elasticity of demand is very low, the commodity is	A. necessity B. luxury C. substitute D. not available
3	When price elasticity of demand for normal goods in calculated, the value is always	A. positive B. negative C. constant D. greater than one
4	Cross elasticity of Suzuki and Honda cars will be	A. Positive B. negative C. zero D. infinite
5	When the demand of a product rises due to factors except price it will be.	A. Extension of demands B. Rise of demand C. Contraction of demand D. Extension of demand
6	Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is	A. 10% B. 30% C. 3 D. 1/3
7	Wit rapid economic growth in a country the individual demand curve will:	A. Rise B. Fall C. Extend D. Contract
8	Haris has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Haris did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is	A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic
9	To say that two goods are unrelated, their cross price elasticity of demand should be	A. less than 0 B. greater than 0 C. equal to 0 D. 1
10	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
11	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. Luxuries
12	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
13	Mr. Suleri bought 50 litters of petrol when his monthly income was Rs. 25000. Now his monthly income has risen to Rs. 50000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is	A. 1 B. 100% C. less than one D. more than one
14	Income elasticity of demand for normal good is always	A. 1 B. more than one C. negative D. positive
15	Demand is a function of	A. price B. quantity C. supply D. none

16	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
17	When demand is perfectly inelastic, an increase in price will result in	A. decrease in total revenue B. increase in total revenue C. no change in total revenue D. decrease in quantity demanded
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	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
20	A horizontal demand curve has a price elasticity of	A. zero B. infinity C. 1 D. variable