

Professional Online Academy Vu Topper RM



ECO402-Micro Economics Update MCQ'S Mid Term By Vu Topper RM



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Question No:1

(Marks:1)

Vu-Topper RM

The snob effect corresponds best to a:

- A. Negative network externality.**
- B. Giffen good.
- C. Bandwagon effect.
- D. Positive network externality.

Question No:2

(Marks:1)

Vu-Topper RM

Which of the following inputs is(are) variable in the long run?

- A. Capital and equipment.
- B. Plant size.
- C. Labor.
- D. All of the given options.**

Question No:3

(Marks:1)

Vu-Topper RM

Suppose Ali is choosing between two jobs that have same expected value of Rs. 17,000. Job 1 has a standard deviation of 800 while job 2's standard deviation is 150. Ali will prefer job:

- A. 1 because it has less risk.
- B. 2 because it has less risk.**
- C. 1 because of its higher potential earnings.
- D. 2 because it provides higher potential earnings.

Question No:4

(Marks:1)

Vu-Topper RM

The demand of a consumer is inversely related to the demand of other consumers. This phenomenon is explained by_____ effect.

- A. Substitution
- B. Snob**
- C. Income
- D. Bandwagon

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Question No:5

(Marks:1)

Vu-Topper RM

Objective interpretation of probability is based on:

- A. Perceptions
- B. Forecasting
- C. Experience without observed frequency
- D. Observed frequency of past events**

Question No:6

(Marks:1)

Vu-Topper RM

According to Snob effect, when consumers believe more people have purchased the product, the demand curve:

- A. Becomes perfectly inelastic
- B. Shifts to the right
- C. Becomes perfectly elastic
- D. Shifts to the left**

Question No:7

(Marks:1)

Vu-Topper RM

The indifference curve between expected return and the standard deviation of return:

- A. Is vertical.
- B. Is horizontal.
- C. Is upward-sloping.**
- D. Is downward-sloping.

Question No:8

(Marks:1)

Vu-Topper RM

A risk averse person would always:

- A. Take a sure Rs.500 rather than a 10% chance at Rs.1000.**
- B. Take a 50% chance at Rs.1000 and a 50% chance at Rs.500 rather than a sure Rs. 500.
- C. Take a 15% chance at Rs.700 rather than a sure Rs.600.
- D. Take a 10% chance at Rs.1000 rather than a sure Rs.500.

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Question No:9

(Marks:1)

Vu-Topper RM

A person's demand may be affected by the number of other people who have purchased the good. This concept is known as:

Options:

- A. Network externality**
- B. Income effect
- C. Economies of scope
- D. Substitution effect

Question No:10

(Marks:1)

Vu-Topper RM

Which of the following we must know for the measurement of risk?

- A. Correlation
- B. Probability of each outcome
- C. All possible outcome and their probability**
- D. All possible outcome

Question No:11

(Marks:1)

Vu-Topper RM

The extent to which possible outcomes of an uncertain event may differ is known as:

- A. Variability**
- B. Deviation
- C. Expected value
- D. Probability

Question No:12

(Marks:1)

Vu-Topper RM

Maria has diminishing marginal utility of income. Based on this information, Maria can be considered as:

- A. Risk loving
- B. Risk neutral
- C. Risk averse**

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D. Irrational

Question No:13

(Marks:1)

Vu-Topper RM

The increase in output due to additional worker is called:

- A. Average product
- B. Total product
- C. Factor product

D. Marginal product

Question No:14

(Marks:1)

Vu-Topper RM

Ali would prefer a certain income of Rs.30,000 to a gamble, with 0.5 probability of Rs.15,000 and 0.5 probability of Rs.40,000. Based on this information, we can infer that Ali is:

- A. Risk neutral
- B. Risk averse
- C. Risk loving**
- D. Irrational

Question No:15

(Marks:1)

Vu-Topper RM

Criminals and gamblers come under which of the following categories?

- A. None of the given options
- B. Risk loving persons**
- C. Risk neutral persons
- D. Risk averse persons

Question No:16

(Marks:1)

Vu-Topper RM

Insurance method of risk minimization is generally used by which of the following?

- A. Risk neutral person

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B. None of the given options.

C. Risk averse person

D. Risk loving person

Question No:17

(Marks:1)

Vu-Topper RM

The demand of a consumer is directly related to the demand of other consumers. This phenomenon is explained by_____ effect.

A. Income

B. Substitution

C. Bandwagon

Question No:18

(Marks:1)

Vu-Topper RM

Weighted average of the payoffs or values resulting from all possible outcomes is known as:

A. Probability.

B. Standard deviation.

C. Expected value.

D. Value of variance.

Question No:19

(Marks:1)

Vu-Topper RM

Which of the following concepts refers to the desire to own exclusive or unique goods?

A. Substitution effect

B. Bandwagon effect

C. Price effect

D. Snob effect

Question No:20

(Marks:1)

Vu-Topper RM

Marginal utility of income for risk averse person is:

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- A. Increasing
- B. Diminishing**
- C. Undetermined
- D. Constant

Question No:21 (Marks:1) **Vu-Topper RM**
The change in quantity demanded of a good associated with a change in price of the good, with the level of satisfaction held constant is called the _____ effect.

- A. Income
- B. Real price
- C. Giffen
- D. Substitution**

Question No:22 (Marks:1) **Vu-Topper RM**
When average product is equal to marginal product, value of average product will be:
A. Minimum.
B. Equal to total product.
C. Maximum.
D. Zero.

Question No:23 (Marks:1) **Vu-Topper RM**
Which of the following assets is almost riskless?
A. Short-term government bonds
B. Long-term corporate bonds
C. Shares of a private company
D. Common stocks

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Question No:24

(Marks:1)

Vu-Topper RM

If price of inelastic good increases, then consumer expenditures will be

A. Increased

B. Unchanged

C. Zero

D. Decreased

Question No:25

(Marks:1)

Vu-Topper RM

Firms can reduce risk by diversifying among a variety of activities which are:

A. Closely related

B. Not closely related

C. Homogeneous

D. Transferable

Question No:26

(Marks:1)

Vu-Topper RM

Which of the following is an example of positive feedback externality?

A. Mainframe computers: 1954 - 1965

B. Pollution

C. Two-part tariff

D. Snob effect

Question No:27

(Marks:1)

Vu-Topper RM

Which of the following measures the difference between actual payoff and expected payoff?

A. Expected value

B. Variance

C. Standard deviation

D. Deviation

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Question No:28

(Marks:1)

Vu-Topper RM

Assume that consumer is considering to invest in a project which has two possible outcomes. One outcome yields Rs. 10000 payoff and has a probability of 0.5; the other outcome has Rs. 20000 payoff and has a probability of 0.5. In this case the expected value is:

- A. Rs. 10000
- B. Rs. 15000**
- C. Rs. 18000
- D. Rs. 20,000

Question No:29

(Marks:1)

Vu-Topper RM

Ahmed prefers the gamble to a certain income. This behavior shows that Ahmed is:

- A. Irrational
- B. Risk loving**
- C. Risk neutral
- D. Risk averse

Question No:30

(Marks:1)

Vu-Topper RM

What will be the effect on consumer expenditures for the purchase of price elastic good?

- A. Decrease when price decreases.
- B. Increase when price increases.
- C. Decrease when price increases.**
- D. Do not change when price decreases or increases.

Question No:31

(Marks:1)

Vu-Topper RM

Suppose Rabia purchased concert ticket in Rs.14. His willingness to pay for ticket was Rs.20. Total consumer surplus for Rabia would be:

- A. Rs. 280.

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- B. Rs. 6.**
C. Rs. 20.
D. Rs. 14.

Question No:32 (Marks:1) **Vu-Topper RM**

According to Bandwagon effect, when consumers believe more people have purchased the product, the demand curve:

- A. Becomes perfectly elastic
B. Becomes perfectly inelastic

C. Shifts to the right

D. Shift to the left

Question No:33 (Marks:1) **Vu-Topper RM**

Which of the following pairs of goods are NOT complements?

A. Mobile and sim

B. Tea and coffee

C. Pen and ink

D. Car and petrol

Question No:34 (Marks:1) **Vu-Topper RM**

Suppose the price of meat remains constant. Which of the following will happen as a result of the decrease in consumers' income?

A. Demand curve of meat shifts towards left.

B. Demand curve of meat shifts towards right.

C. Supply curve of meat shifts towards right.

D. Supply curve of meat shifts towards left.

Question No:35 (Marks:1) **Vu-Topper RM**

When the cost of labor decreases, it will lead to a shift in:

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- A. Supply curve towards left.
- B. Demand curve towards right.
- C. Supply curve towards right.**
- D. Demand curve towards left.

Question No:36

(Marks:1)

Vu-Topper RM

Suppose the income of consumer raises by 100 % and prices also rise by the same percentage, the budget line of the consumer will:

- A. Shift inwards.
- B. Rotate outer towards X-axis.
- C. Remain same.**
- D. Shift outwards.

Question No:37

(Marks:1)

Vu-Topper RM

Suppose demand curve for good A has shifted to the left as a result of increase in price of good B. From this we can infer that:

- A. Goods A and B are substitutes.
- B. Goods A and B are complements.**
- C. Good B is used to produce good A.
- D. Good A is used to produce good B.

Question No:38

(Marks:1)

Vu-Topper RM

Coffee and tea are considered as substitutes, if price of tea decreases then it will shift:

- A. Demand curve for coffee towards right.
- B. Demand curve for tea towards left.
- C. Supply curve for coffee towards right.
- D. Demand curve for coffee towards left.**

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Question No:39

(Marks:1)

Vu-Topper RM

Which one of the following is not the factor of production in economics?

- A. Human capital
- B. Natural resources
- C. Business environment**
- D. Physical capital

Question No:40

(Marks:1)

Vu-Topper RM

Which of the following is (are) example(s) of perfectly competitive markets?

- A. All of the given options.
- B. Wheat**
- C. OPEC
- D. Wapda

Question No:41

(Marks:1)

Vu-Topper RM

Usually, indifference curves slope upward to the left.

- A. FALSE**
- B. TRUE

Question No:42

(Marks:1)

Vu-Topper RM

Which of the following is NOT a factor of production?

- A. Capital
- B. Land
- C. Labour
- D. Demand**

Question No:43

(Marks:1)

Vu-Topper RM

The demand curve becomes vertical if the price elasticity of demand is:

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- A. Positive
- B. Negative
- C. Zero**
- D. Infinite

Question No:44

(Marks:1)

Vu-Topper RM

When the total utility increases then marginal utility:

- A. Increases.
- B. Decreases.**
- C. First decreases then increases.
- D. Remains Constant.

Question No:45

(Marks:1)

Vu-Topper RM

An increase in consumers' income, holding prices constant, will:

- A. shift the budget line rightward with its slope becoming flatter.
- B. shift the budget line leftward.
- C. shift the budget line rightward.**
- D. change the slope of the budget line.

Question No:46

(Marks:1)

Vu-Topper RM

The Paasche Index calculates the amount of money at current-year prices that an individual requires to purchase a current bundle of goods and services:

- A. Divided by the cost of purchasing the same bundle in the current year.
- B. Divided by the cost of purchasing the same bundle in the base year.**
- C. Multiplied by the cost of purchasing the same bundle in the current year.
- D. Multiplied by the cost of purchasing the same bundle in the base year.

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Question No:47

(Marks:1)

Vu-Topper RM

If X is a normal good, a rise in money income will shift the:

- A. Demand curve for X to the left
- B. Supply curve for X to the left
- C. Supply curve for X to the right
- D. Demand curve for X to the right**

Question No:48

(Marks:1)

Vu-Topper RM

Slope of income consumption curve for an inferior good is:

- A. Positive.
- B. Negative.**
- C. First negative then positive.
- D. First positive then negative.

Question No:49

(Marks:1)

Vu-Topper RM

Consumers can maximize their satisfaction at a point where marginal rate of substitution is:

- A. Greater than the ratio of the prices.
- B. Less than the ratio of the prices.
- C. Not equal to the ratio of the prices.
- D. Equal to the ratio of the prices.**

Question No:50

(Marks:1)

Vu-Topper RM

Individual demand curve can be drawn from _____ curve.

- A. Engel
- B. Income consumption
- C. Price consumption**
- D. Indifference

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Question No:51

(Marks:1)

Vu-Topper RM

DVD players and DVDs are:

- A. Complementary goods**
- B. Substitute goods
- C. Inferior goods
- D. Independent goods

Question No:52

(Marks:1)

Vu-Topper RM

Amount of total money spent on a good having price "P" and quantity "Q" can be obtained by which of the following?

- A. P/Q
- B. PQ**
- C. P+Q
- D. P-Q

Question No:53

(Marks:1)

Vu-Topper RM

Which of the following is a non-price determinant of supply?

- A. Consumer income
- B. Fall in raw material price**
- C. Consumer tastes
- D. Price of related products

Question No:54

(Marks:1)

Vu-Topper RM

Suppose a college professor opens an academy for coaching classes and buys new tables and chairs for the students. These tables and chairs would most likely be considered which of the following factors of production?

- A. Natural Resources
- B. Labor
- C. Entrepreneurship

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D. Capital

Question No:55

(Marks:1)

Vu-Topper RM

Which branch of economics deals with the behavior of individual consumers, firms and investors?

- A. Development economics
- B. Macroeconomics
- C. Mathematical economics

D. Microeconomics

Question No:56

(Marks:1)

Vu-Topper RM

Which of the following explains the relationship between quantity demanded of a good and consumers' income?

- A. Indifference curve
- B. Price consumption curve
- C. Demand curve

D. Engel curve

Question No:57

(Marks:1)

Vu-Topper RM

Marginal utility measures:

- A. The marginal rate of substitution.
- B. The slope of the budget line.
- C. The slope of the indifference curve.

D. The additional satisfaction from consuming one more unit of a good.

Question No:58

(Marks:1)

Vu-Topper RM

Which of the following will cause the demand curve for Apple to shift to the right?

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- A. Decrease in the price of complements
- B. Increase in taste and preferences**
- C. Decrease in taste and preference
- D. Increase in income

Question No:59

(Marks:1)

Vu-Topper RM

The Knowledge and skills acquired by worker through education and experience referred to as;

- A. entrepreneurship
- B. Human capital**
- C. Physical Capital
- D. Land

Question No:60

(Marks:1)

Vu-Topper RM

The Knowledge and skills acquired by worker through education and experience referred to as;

- A. entrepreneurship
- B. Human capital
- C. Physical Capital
- D. Land**

Question No:61

(Marks:1)

Vu-Topper RM

If two goods are perfect substitutes of each other, then the shape of an indifference curve is:

- A. Concave
- B. Convex
- C. Straight line**
- D. L-shaped

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Question No:62

(Marks:1)

Vu-Topper RM

Cross- price elasticity of demand for the substitute goods will always be:

A. Negative.

B. Positive.

C. Zero

D. Infinity.

Question No:63

(Marks:1)

Vu-Topper RM

When the actual market price is lower than the equilibrium market price in goods market then there will be:

A. Surplus

B. Shortage.

C. Further decrease in price.

D. Neither shortage nor surplus.

Question No:64

(Marks:1)

Vu-Topper RM

Which of the following shows the relationship between the price of a good and the amount of that good that consumers want at that price?

A. Production possibilities frontier

B. Supply curve

C. Demand curve

D. Supply schedule

Question No:65

(Marks:1)

Vu-Topper RM

Slope of indifference curve is known as Marginal rate of:

A. Disutility

B. Technical substitution.

C. Substitution

D. Utility

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Question No:66

(Marks:1)

Vu-Topper RM

It is a general behavior of the firms that when price of a product goes up firms produce more of it. Which type of economic statement is this?

- A. Negative
- B. Positive**
- C. Normative
- D. Welfare

Question No:67

(Marks:1)

Vu-Topper RM

If the cross elasticity of demand is -2:

All of the given options are true.

- A. B. The products are substitutes.**
- B. The products are inferior goods.
- C. The products are complements.

Question No:68

(Marks:1)

Vu-Topper RM

Suppose a college professor opens an academy for the coaching classes. He buys new tables and chairs for the students. These tables and chairs would most likely be which of the following factors of production?

- A. Labor
- B. Natural Resources
- C. Entrepreneurship
- D. Capital**

Question No:69

(Marks:1)

Vu-Topper RM

Suppose a consumer is spending all of his income on food (measured on x-axis) and clothing (measured on y-axis). Which of the following will pivot the budget line outward towards y-axis?

- A. Increase in price of clothing
- B. Increase in price of food

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- C. Decrease in price of food**
D. Decrease in price of clothing

Question No:70 (Marks:1) **Vu-Topper RM**

Which of the following is NOT true about indifference curve?

- A. Indifference curves always are convex to origin.
B. Higher indifference curve shows high level of satisfaction.
C. Indifference curves always are concave to origin.
D. Indifference curves can not intersect each other.

Question No:71 (Marks:1) **Vu-Topper RM**

Agricultural markets represent which market type?

- A. Illegal
B. Competitive
C. None of the given options
D. Non-competitive

Question No:72 (Marks:1) **Vu-Topper RM**

Which of the following is correct?

- A. $\text{Real price} = (\text{CPI base year} / \text{CPI current year}) * \text{Real price current year}$
B. $\text{Real price} = (\text{CPI base year} + \text{CPI current year}) * \text{Nominal price current year}$
C. $\text{Real price} = (\text{Nominal price current year} / \text{CPI current year}) * \text{Nominal price current year}$
D. $\text{Real price} = (\text{CPI base year} / \text{CPI current year}) * \text{Nominal price current year}$

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Question No:73

(Marks:1)

Vu-Topper RM

The indifference curve for left shoe and right shoe will be:

- A. Negatively sloped straight line.
- B. Upward sloping.
- C. Verticle.
- D. L-shaped.**

Question No:74

(Marks:1)

Vu-Topper RM

Which of the following statements is correct?

- A. Car and petrol are substitute goods.
- B. Butter and margarine are examples of substitute goods.**
- C. Tea and coffee are complementary goods.
- D. Butter and margarine are examples of complement goods.

Question No:75

(Marks:1)

Vu-Topper RM

Which of the following is a branch of economics that deals with observations of real economic facts?

- A. Welfare economics
- B. All of the given options
- C. Positive economics**
- D. Normative economics

Question No:76

(Marks:1)

Vu-Topper RM

The supply curve slopes upward demonstrating that at:

- A. Lower prices firms will increase output.**
- B. Higher prices firms will decrease output.
- C. None of the given options.
- D. Higher prices firms will increase output.

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Question No:77

(Marks:1)

Vu-Topper RM

Since Tea and coffee are considered as substitutes, the cross price elasticity of demand for tea and coffee will be:

- A. Negative
- B. Infinity
- C. zero
- D. Positive**

Question No:78

(Marks:1)

Vu-Topper RM

Aslam consumes more of a good due to increase in his income. For Aslam, this good is categorized as:

- A. Inferior
- B. Public
- C. Normal**
- D. Giffen

Question No:79

(Marks:1)

Vu-Topper RM

When the cost of labor decreases then it will lead to shift in:

- A. Supply curve towards left.
- B. Supply curve towards right.**
- C. Demand curve towards right.
- D. Demand curve towards left.

Question No:80

(Marks:1)

Vu-Topper RM

When the cost of raw material decreases then it will lead to shift in:

- A. Demand curve towards left.
- B. Supply curve towards right.**
- C. Supply curve towards left.
- D. Demand curve towards right.

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Question No:81

(Marks:1)

Vu-Topper RM

Which of the following will cause the demand curve for Apple to shift to the left?

- A. Decrease in the price of complements
- B. Increase in taste and preferences
- C. Decrease in taste and preference**
- D. Increase in income

Question No:82

(Marks:1)

Vu-Topper RM

A geographically defined area where buyers and sellers interact to determine the price of a product is called:

- A. Club
- B. Stadium
- C. bank
- D. market**

Question No:83

(Marks:1)

Vu-Topper RM

The demand curve is downward sloping if the price elasticity of demand is:

- A. Zero.
- B. Negative.**
- C. Positive
- D. Infinite.

Question No:84

(Marks:1)

Vu-Topper RM

Since car and petrol are complements to each other, if price of petrol increases then it will Shift the:

- A. Demand curve of car towards left.**
- B. Demand curve of petrol towards right.
- C. Demand curve of car towards right.

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D. Supply curve of car towards right.

Question No:85

(Marks:1)

Vu-Topper RM

Suppose a college professor opens an academy for the coaching classes. He hires three more teachers with him. The college professor would most likely be which of the following factors of production?

- A. Land
- B. Labor
- C. Capital

D. Entrepreneurship

Question No:86

(Marks:1)

Vu-Topper RM

OPEC is an example of:

- A. Illegal market
- B. Non-competitive market**
- C. Competitive market
- D. None of the given options

Question No:87

(Marks:1)

Vu-Topper RM

Suppose the price of meat remains constant. Which of the following will happen as a result of decrease in consumer's income?

- A. Supply curve of meat shifts towards right.
- B. Demand curve of meat shifts towards left.**
- C. Demand curve of meat shifts towards right.
- D. Supply curve of meat shifts towards left.

Question No:88

(Marks:1)

Vu-Topper RM

When the income of the consumers decreases then it will lead to shift in:

A. Demand curve towards left.

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- B. Demand curve towards right.
- C. Supply curve towards right.
- D. Supply curve towards left.

Question No:89

(Marks:1)

Vu-Topper RM

If the percentage change in quantity demanded for bread is more than the percentage change in price of bread then the price elasticity of demand for bread is:

- A. Perfectly elastic.
- B. Inelastic
- C. Unitary elastic.
- D. Elastic.**

Question No:90

(Marks:1)

Vu-Topper RM

Income elasticity of demand for a normal good is always:

- A. Greater than 1.
- B. Between 0 and 1.**
- C. Negative.
- D. Between 1 and 2.

Question No:91

(Marks:1)

Vu-Topper RM

When the cost of raw material increases then it will lead to shift in:

- A. Demand curve towards right.
- B. Supply curve towards left.**
- C. Supply curve towards right.
- D. Demand curve towards left.

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Question No:92

(Marks:1)

Vu-Topper RM

When the actual market price exceeds the equilibrium market price, there will be:

- A. Upward pressure on the market price.
- B. Downward pressure on the market price.**
- C. No pressure on the market price.
- D. No purchases made.

Question No:93

(Marks:1)

Vu-Topper RM

Coffee and tea are considered as substitutes, if price of coffee increases then it will shift:

- A. Demand curve for tea towards left.
- B. Demand curve for tea towards right.**
- C. Supply curve for tea towards left.
- D. Demand curve for coffee towards right.

Question No:94

(Marks:1)

Vu-Topper RM

Since car and petrol are complements, the cross price elasticity of demand for car and petrol will be:

- A. zero
- B. positive
- C. infinity
- D. negative**

Question No:95

(Marks:1)

Vu-Topper RM

Since car and petrol are complements to each other, if price of petrol decrease then it will Shift the:

- A. Demand curve of car towards right.**
- B. Supply curve of car towards right.
- C. Demand curve of car towards left.
- D. Demand curve of petrol towards left.

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Question No:96

(Marks:1)

Vu-Topper RM

Which of the following is correct?

- A. Price elasticity of demand = Percentage change in price / Percentage change in Demand
- B. Price elasticity of demand = Percentage change in Quantity demanded / Percentage change in Price**
- C. Price elasticity of supply = Percentage change in Quantity demanded / Percentage change in Price
- D. Price elasticity of demand = Change in price / Change in Demand

Question No:97

(Marks:1)

Vu-Topper RM

The bowed out shape of the production possibilities frontier indicates:

- A. The constant opportunity cost**
- B. Resources are used inefficiently
- C. That resources are perfectly adaptable to the production of the two goods
- D. That resources are not perfectly adaptable to the production of the two goods

Question No:98

(Marks:1)

Vu-Topper RM

The concepts such as: economic growth, inflation and unemployment are discussed in _____ Economics.

- A. Micro
- B. Macro**
- C. Financial
- D. Managerial

Question No:99

(Marks:1)

Vu-Topper RM

An outward shift of the production possibility frontier may be caused by:

- A. Productive inefficiency

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- B. Increase in the price
- C. Increase in the demand
- D. A technological innovation**

Question No:100 (Marks:1) **Vu-Topper RM**

Aslam consumes less of a good due to increase in his income. For Aslam, this good is categorized as:

- A. Giffen
- B. Public
- C. Normal.**
- D. Inferior

Question No:101 (Marks:1) **Vu-Topper RM**

Market equilibrium is a market state where:

- A. The supply in the market is equal to the demand in the market.**
- B. The supply in the market is not equal to the demand in the market.
- C. The supply in the market is greater than the demand in the market.
- D. The supply in the market is less than the demand in the market.

Question No:102 (Marks:1) **Vu-Topper RM**

When the cost of raw material increases then it will lead to shift in:

- A. Supply curve towards right.
- B. Demand curve towards left.
- C. Supply curve towards left.**
- D. Demand curve towards right.

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Question No:103

(Marks:1)

Vu-Topper RM

If the percentage change in quantity demanded for milk is less than the percentage change in price of milk then the price elasticity of demand for milk is:

- A. Elastic
- B. Unitary elastic.
- C. Inelastic**
- D. Perfectly elastic.

Question No:104

(Marks:1)

Vu-Topper RM

When we study behavior of an individual of any society that means we are doing study of _____ Economics.

- A. Financial
- B. Macro
- C. Micro**
- D. Managerial

Question No:105

(Marks:1)

Vu-Topper RM

Responsiveness of percentage change in quantity demanded of one good due to one percentage change in price of another good is familiarly known as _____ elasticity of demand.

- A. Income
- B. Point price
- C. Price
- D. Cross-price**

Question No:106

(Marks:1)

Vu-Topper RM

What will happen if price falls below the market clearing price?

- A. Quantity Supplied will increase.
- B. No change in Quantity demanded.

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C. Quantity demanded will increase.

D. Quantity demanded will decrease.

Question No:107

(Marks:1)

Vu-Topper RM

The assumption of transitivity is violated when indifference curves _____.

A. Become perpendicular

B. Become parallel

C. Touch X-axis

D. Intersect each other

Question No:108

(Marks:1)

Vu-Topper RM

Which of the following statements is correct?

A. Income elasticity of demand for normal goods is negative.

B. Income elasticity of demand for inferior goods is positive.

C. Cross elasticity of demand for substitutes is positive.

D. Cross elasticity of demand for substitutes is negative.

Question No:109

(Marks:1)

Vu-Topper RM

Since car and petrol are complements, the cross price elasticity of demand for car and petrol will be:

A. Negative

B. Zero

C. Positive

D. Infinity

Question No:110

(Marks:1)

Vu-Topper RM

Since car and petrol are complements to each other, if price of petrol decrease then it will Shift the:

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- A. Demand curve of car towards right.
- B. Supply curve of car towards right.
- C. Demand curve of petrol towards left.
- D. Demand curve of car towards left.

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