



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



**Answerkey 23**

**Sub: Economics**

**Class: XII**

**Chapter 03: Elasticity of Demand**

**F.M.: 15**

**Topic: Revision of entire chapter**

**Date: 17/06/2020**

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## Multiple choice questions

**1x15 = 15**

1. Percentage change in quantity demanded due to percentage change in any determinants of demand are called as \_\_\_\_\_.
  - a. Change in quantity demanded,
  - b. Change in demand,
  - c. Elasticity of demand,
  - d. All of above.

**Ans: c. Elasticity of demand.**
2. Elasticity of demand are of the following types \_\_\_\_\_.
  - a. Price elasticity,
  - b. Income elasticity,
  - c. Cross price elasticity,
  - d. All of these.

**Ans: d. All of these.**
3. When a small fall in price leads to infinitely large purchases, demand is said to be \_\_\_\_\_.
  - a. Perfectly inelastic,
  - b. Elastic,
  - c. Perfectly elastic,
  - d. All of above.

**Ans: c. Perfectly elastic.**
4. When a change of price causes no change in the amount purchased demand is said to be \_\_\_\_\_.
  - a. Elastic ,
  - b. Inelastic,
  - c. Perfectly elastic,
  - d. Perfectly inelastic.

**Ans: d. Perfectly inelastic.**
5. For perfectly elastic demand, the demand curve is \_\_\_\_\_.
  - a. Horizontal,

- b. Vertical,
- c. Flatter,
- d. None of these.

**Ans:** a. Horizontal.

6. For perfectly inelastic demand, the demand curve is \_\_\_\_\_.
- a. Steeper
  - b. Horizontal
  - c. Vertical
  - d. None of these.

**Ans:** c. Vertical.

7. The value of unitary elastic demand is \_\_\_\_\_.
- a. Zero
  - b. Infinity
  - c. Less than one
  - d. One.

**Ans:** d. One.

8. Percentage change in quantity demand due to percentage change in income of the consumer is called as \_\_\_\_\_.
- a. Cross price elasticity of demand,
  - b. Price elasticity of demand,
  - c. Elasticity of demand,
  - d. Income elasticity of demand.

**Ans:** d. Income elasticity of demand.

9. The value of income elasticity will be positive when the good is \_\_\_\_\_.
- a. Inferior,
  - b. Normal,
  - c. Luxury,
  - d. Habitual.

**Ans:** b. Normal.

10. For inferior good the value of income elasticity will be \_\_\_\_\_.
- a. Positive,
  - b. Less than one,
  - c. Negative,
  - d. Greater than one.

**Ans:** c. Negative.

11. When the value of income elasticity is greater than one then the good is \_\_\_\_\_.
- a. Luxury,
  - b. Habitual,

- c. Normal,
- d. All of above.

**Ans:** a. Luxury.

12. For necessary good the value of income elasticity will be \_\_\_\_\_.

- a. Zero,
- b. One,
- c. Greater than one,
- d. Less than one.

**Ans:** a. Zero.

13. Percentage change in quantity demand of one good due to percentage change in price of another good is called

- a. Cross price elasticity of demand,
- b. Price elasticity of demand,
- c. Elasticity of demand,
- d. Income elasticity of demand.

**Ans:** a. Cross price elasticity of demand.

14. The value of cross price elasticity will be positive when the two goods are \_\_\_\_\_.

- a. Substitute,
- b. Complementary,
- c. Luxury,
- d. Habitual.

**Ans:** a. Substitute.

15. For complementary goods the value of cross price elasticity will be \_\_\_\_\_.

- a. Positive,
- b. Less than one,
- c. Negative,
- d. Greater than one.

**Ans:** c. Negative.

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