



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian minority Institution

Subject: Economics

Class- XI

Date:10/07/2020

### Answer key of Worksheet-21

### Chapter- Demand, Supply, Market and price

### Topic- Law of demand and its exceptions

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1. Choose the correct alternative. 1x15=15
- a) Law of demand first stated by i) Adam Smith ii) **Professor Alfred Marshall** iii) Robbins iv) none of these
- b) One of the important assumptions for application of law of demand is i) time period can be changed ii) taste and preference of the consumer may change iii) **the price of other commodities do not change when the price of one commodity changes** iv) none of these
- b) The law of demand states, other things remaining the same, the lower the price of a good i) smaller will be the demand for the good ii) larger will be the demand for the good iii) smaller will be the quantity of the good demanded iv) **larger will be the quantity of the good demanded**
- c) which of the following is consistent with the law of demand ?
- i) an increase in the price of tapes cause an increase in the quantity of tapes demanded ii) **an increase in the price of soda causes a decrease in the quantity of soda demanded** iii) a decrease in the price of milk causes a decrease in the quantity of milk demanded iv) a decrease in the price of juice causes no change in the quantity of juice demanded
- d) which of the following pairs of good are substitutes ?
- i) compact discs and disc players ii) cola and lemon lime soda iii) peanut butter and jelly iv) **(ii) and (iii) both**
- e) Consumers are willing to pay lower prices when i) **marginal utility falls with additional consumption** ii) marginal utility rises with additional consumption iii) there is lots of supply of a commodity iv) none of these
- f) Law of demand works on the basis of i) marginal utility theory ii) law of diminishing marginal utility theory iii) total utility theory iv) none of these

- g) For a Giffen good, demand curve is i) upward sloping ii) downward sloping iii) vertical iv) none of these
- h) Veblen effect refers to when i) consumer consumes less of a commodity when price increases ii) consumer consumes more of a commodity when price increases iii) consumer consumes more of a commodity when price decreases iv) none of these
- i) Law of demand does not work in the cases of i) Giffen good ii) Veblen good iii) goods of the nature of habitual necessities iv) all of these
- j) The quantity demanded is i) the amount of a good that consumers plan to buy at a particular price ii) independent of the price of the good iii) independent of consumer's buying plans iv) always equal to the equilibrium quantity
- k) When people buy more of good 1 when price of good 2 rises, then we can say good 1 and good 2 are i) normal goods ii) inferior goods iii) substitute of each other iv) complement of each other
- l) The law of demand refers to the i) inverse relationship between the price of a commodity and quantity demanded of the commodity per time period ii) direct relationship between the desire a consumer has for a commodity and the amount of the commodity that consumer demands
- m) When price of a good increases, Law of demand does not work when i) people think price of the good will decrease in future ii) price of the good will increase more in the future iii) people fear there will be shortage of commodities in future iv) both (ii) and (iii) are true
- n) Which of the following is a Veblen good?  
i) potatoes ii) salt iii) luxury cars iv) none of these
- o) When quantity demanded is independent of price then demand curve is i) horizontal ii) vertical iii) downward sloping iv) upward sloping

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