



# ST. LAWRENCE HIGH SCHOOL

*A Jesuit Christian Minority Institution*



**Answerkey 37**

**Class: XII**

**Sub: Economics**

**Chapter 08: Supply**

**Topic: Law of Supply and its Exceptions**

**F.M.: 15**

**Date: 20/07/2020**

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**Multiple choice questions**

**1x15 = 15**

1. According to Law of supply, supply curve is \_\_\_\_\_.

- a. Upward,
- b. Downward,
- c. Horizontal,
- d. Vertical.

**Ans:** a. Upward.

2. The law of supply states that \_\_\_\_\_.

- a. Income rises supply rises,
- b. Price fall supply rises,
- c. Price rises and supply also rises,
- d. Price and income rises.

**Ans:** c. Price rises and supply also rises.

3. There exist \_\_\_\_\_ relationship between the price and quantity supplied.

- a. Inverse,
- b. Direct,
- c. Negative,
- d. Indirect.

**Ans:** b. Direct.

4. Higher the price, \_\_\_\_\_ is the supply of any commodity.

- a. Higher,
- b. Lower,
- c. Constant,
- d. None of these.

**Ans:** a. Higher.

5. If the wage rate increases the amount of labour supplied \_\_\_\_\_.

- a. Increases,
- b. Decreases,
- c. First increases and then decreases,
- d. Remains the same.

**Ans:** c. First increases and then decreases.

6. \_\_\_\_\_ good is one of the exceptions of law of supply.

- a. Giffen,
- b. Inferior,
- c. Luxury,
- d. Non reproducible.

**Ans:** d. Non reproducible.

7. Supply function states that supply depends on \_\_\_\_\_.

- a. Price,
- b. Quantity,
- c. Profit,
- d. Demand.

**Ans:** a. Price.

8. As the price of a commodity rises, \_\_\_\_\_ also increases in the market.

- a. Demand,
- b. Employment,
- c. Unemployment,
- d. Number of firms.

**Ans:** d. Number of firms.

9. Labour supply curve is \_\_\_\_\_.

- a. Backward bending,
- b. Upward rising,
- c. Downward sloping,
- d. U shaped.

**Ans:** a. Backward bending.

10. If the law of diminishing costs operates in any industry, then the supply curve will be\_\_\_\_\_.

- a. Upward rising,
- b. Downward sloping,
- c. Horizontal,
- d. Vertical.

**Ans:** b. Downward sloping.

11. Supply curve is \_\_\_\_\_.

- a. Upward rising,
- b. Downward sloping,
- c. Horizontal,
- d. Vertical.

**Ans:** a. Upward rising.

12. \_\_\_\_\_ price expectation is one of the exception of law of supply.

- a. Past,
- b. Present,

- c. Future,
- d. Real.

**Ans:** c. Future.

13. \_\_\_\_\_ curve is the supply curve for perfectly competitive market

- a. AC,
- b. MC,
- c. AVC,
- d. TC.

**Ans:** b. MC.

14. In the short run the number of firms \_\_\_\_\_.

- a. Increases,
- b. Decreases,
- c. Remains the same,
- d. Nil

**Ans:** c. Remains the same.

15. Labour supply curve is one of the exceptions of \_\_\_\_\_.

- a. Law of demand,
- b. Law of supply,
- c. Law of diminishing return,
- d. Law of market.

**Ans:** b. Law of supply.

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20.07.2020