St. Lawrence High School

A Jesuit Christian Minority Institution

Answer Key 11

Sub: Economics **Class: XII**

Chapter 03: Elasticity of demand **F.M: 15**

Topic: Cross price elasticity and determinants of elasticity of demand **Date: 14/05/2020**

Multiple choice questions: 1x15=15

1. Change in cross price elasticity of demand refers to
   a. Unit change ,
   b. Percentage change,
   c. Fractional change,
   d. None of these.
   Ans: b. Percentage change.

2. By cross price elasticity we mean rate of change of
   a. Tastes and preferences of consumers,
   b. Price of the commodities,
   c. Quantity demanded of two goods,
   d. None of these.
   Ans: c. Quantity demanded of two goods.

3. 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.

4. Cross price elasticity of demand are of the following types
   a. Unit elasticity,
   b. Perfect elasticity,
   c. Perfect inelasticity,
   d. None of these.
   Ans: d. None of these.

5. In cross price elasticity of demand formula _______is measured in numerator.
   a. Price of one good,
   b. Change in income,
   c. Change in quantity demand of one good,
   d. Quantity demand.
   Ans: c. Change in quantity demand of one good.

6. Cross price elasticity is measured in terms of ________change.
   a. Unit,
   b. Small,
   c. Percentage,
   d. None of these.
   Ans: c. Percentage.

7. The sign of cross price elasticity will be _________.
   a. Positive,
   b. Negative,
   c. Zero,
   d. All of above.
   Ans: d. All of above.

8. 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.

9. 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.

10. When the value of cross price elasticity is greater than zero then two goods are ______.
    a. Luxury,
    b. Substitute,
    c. Normal,
    d. All of above.

Ans: b. Substitute.

11. For non-related goods the value of cross price elasticity will be _________.
    a. Zero,
    b. One,
    c. Greater than one,
    d. Less than one.

    Ans: a. Zero.
12. The demand for durable commodity has _____ demand.
    a. Elastic.
    b. Inelastic,
    c. Unitary,
    d. Perfectly elastic.

    Ans: a. Elastic.

13. A commodity having a variety of uses has __________.
    a. Inelastic demand,
    b. Elastic demand,
    c. Perfectly inelastic demand,
    d. Perfectly elastic demand.

    Ans: b. Elastic demand.

14. The demand for commodity having good substitutes is ________.
    a. Perfectly inelastic,
    b. Inelastic,
    c. Elastic,
    d. Perfectly elastic.

    Ans: c. Elastic.

15. The demand for necessary is generally ______.
    a. Inelastic,
    b. Elastic,
    c. Perfectly inelastic,
    d. Perfectly elastic.

    Ans: a. Inelastic.

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