



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Answer Key 1

Sub: Economics

Class: XII

Chapter 02: Demand

F.M.: 15

Topic: Demand & Its Determinants

Date: 02/05/2020

Multiple choice questions:

1. Demand depends on
 - a. Price, b. time, c. desire of human being, d. all of these.

Ans: d. all of these
2. Which of the following factors not influencing demand?
 - a. Price of the commodity, b. income of the consumer, c. location of business, d. taste and preference of consumer

Ans: c. location of business
3. When price of product decreases then
 - a. Real income increases, b. real income decreases, c. purchasing power decreases, d. none of these

Ans: a. Real income increases
4. The demand for a commodity changes in the ----- direction as the price of its substitutes.
 - a. Opposite, b. same, c. both of a) and b), d. none of these.

Ans: b. same
5. Copying the consumption habits of celebrity is known as
 - a. Habits, b. demonstration effect, c. preference, d. none of these.

Ans: b. demonstration effect
6. For the purpose of demand analysis economic unit is the
 - a. Household, b. individual, c. firm, d. society.

Ans: a. Household

7. The demand for a commodity changes in the ----- direction as the price of its complements.

- a. Opposite, b. same, c. both of a) and b), d. none of these.

Ans: a. opposite

8. The relation between the various amounts of a commodity or service and the determinants of its demand can be expressed by an equation is known as

- a. Demand function, b. demand schedule, c. demand curve, d. none of these.

Ans: a Demand function.

9. Demand has relation with respect to

- a. Time, b. price, c. both of a) and b), d. none of these.

Ans: c. both of a) and b)

10. Demand is a

- a. Stock concept, b. flow concept, c. either a) or b), d. none of these.

Ans: b. flow concept

11. Which of the following pairs of goods is an example of substitute?

- a. Petrol & car, b. cement & iron rod, c. pen & ink, d. tea & coffee.

Ans: d. tea & coffee

12. Which of the following pairs of goods is an example of complements?

- a. Milk & tea, b. tea & coffee, c. rice & wheat, d. sugar & gur.

Ans: a. Milk & tea

13. When the price of both substitute and complement of a good rise, the demand for the product

- a. Rise, b. fall, c. remain constant, d. either a) or b) or c)

Ans: d. either a) or b) or c)

14. _____ and _____ are the factors of demand

- a. Price, time, b. price, location, c. time, rate of interest, d. bonus of workers, desire of human being.

Ans: a. Price, time

15. Demand for inferior goods _____ with increases of income

- a. Increases, b. remains constant, c. decreases, d. any of these.

Ans: c. decreases

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