



ST. LAWRENCE HIGH SCHOOL

A Jesuit Christian Minority Institution



Worksheet 22

Class: XII

Sub: Economics

Chapter 02: Theory of Demand

Topic: Revision of entire chapter

F.M.: 15

Date: 16/06/2020

Multiple choice questions

1x15 = 15

1. 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 the above.
2. Demand curve drawn on the basis of
 - a. Demand schedule,
 - b. Supply schedule,
 - c. Price schedule,
 - d. None of the above.
3. Which of the following is the reason for sloping demand curve downward
 - a. Income and substitution effect,
 - b. Equi marginal utility,
 - c. The law of diminishing marginal utility,
 - d. All of these.
4. An exceptional demand curve is one that slope _____.
 - a. Upward to right,
 - b. Downward to right,
 - c. Upward to the left,
 - d. Downward to left.
5. There exist a _____ relationship between the price and quantity demanded.
 - a. Inverse,

- b. Direct,
 - c. Positive,
 - d. Indirect.
6. According to Law of demand demand curve is _____sloping.
- a. Upward,
 - b. Downward,
 - c. Horizontal,
 - d. Vertical.
7. Price and quality of a product relationship can be shown by_____.
- a. Snob effect,
 - b. Bandwagon effect,
 - c. Veblen effect,
 - d. Price effect.
8. Change in demand refers to_____.
- a. Change in quantity demand,
 - b. Shifting of demand curve,
 - c. Shifting of supply curve,
 - d. None of these.
9. In case of an inferior good the substitution and income effects are_____.
- a. Positive,
 - b. Negative,
 - c. One is positive other is negative,
 - d. Zero.
10. Consumer's real income increases when_____.
- a. Price of the commodity also decreases,
 - b. Money income decreases,
 - c. Price of the commodity increases,
 - d. None of these.
- 11.The difference between willingness to pay and actual pays is known as _____.
- a. Price effect,
 - b. Income effect,
 - c. Consumer surplus,

- d. Substitution effect.
12. When price of product decreases then _____.
- a. Real income increases,
 - b. Real income decreases,
 - c. Purchasing power decreases,
 - d. None of the above.
13. Copying the consumption habits of celebrity is known as _____.
- a. Habits,
 - b. Demonstration effect,
 - c. Preference,
 - d. None of the above.
14. 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 the above.
15. Demand curve has _____.
- a. Positive slope,
 - b. Negative slope,
 - c. Zero slope,
 - d. None of the above.

Debaleena Ganguly.
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