



St. Lawrence High School

A Jesuit Christian Minority Institution



Worksheet 10

Class: XII

Sub: Economics

Chapter 03: Elasticity of Demand

Topic: Income elasticity of demand

F.M.: 15

Date: 13/05/2020

Multiple choice questions

1x15 = 15

1. Change in income elasticity of demand refers to
 - a. Unit change ,
 - b. Percentage change,
 - c. Fractional change,
 - d. None of these.
2. By income elasticity we mean rate of change of
 - a. Tastes and preferences
 - b. Advertisement
 - c. Quantity demanded
 - d. Rate of interest
3. Percentage change in quantity demand due to percentage change in income of the consumer is called as
 - a. Cross price elasticity of demand,
 - b. Price elasticity of demand,
 - c. Elasticity of demand,
 - d. Income elasticity of demand..
4. Income elasticity of demand are of the following types
 - a. Unit elasticity,
 - b. Perfect elasticity,
 - c. Perfect inelasticity,
 - d. None of these.
5. In income elasticity of demand formula _____ is measured in denominator.
 - a. Price,
 - b. Change in income,
 - c. Quantity demand,
 - d. Change in quantity demand
6. Income elasticity is measured in terms of _____ change.
 - a. Unit,
 - b. Small,

- c. Percentage,
 - d. None of these.
7. The sign of income elasticity will be _____.
- a. Positive,
 - b. Negative,
 - c. Zero,
 - d. All of above.
8. The value of income elasticity will be positive when the good is _____.
- a. Inferior,
 - b. Normal,
 - c. Luxury,
 - d. Habitual.
9. For inferior good the value of income elasticity will be _____.
- a. Positive,
 - b. Less than one,
 - c. Negative,
 - d. Greater than one.
10. When the value of income elasticity is greater than one then the good is _____.
- a. Luxury,
 - b. Habitual,
 - c. Normal,
 - d. All of above.
11. For necessary good the value of income elasticity will be _____.
- a. Zero,
 - b. One,
 - c. Greater than one,
 - d. Less than one.
12. For a one percent change in income, if quantity demand changes by exactly one percent, then the good has _____ income elasticity.
- a. Elastic.
 - b. Inelastic,
 - c. Unitary,
 - d. Perfectly elastic.
13. Income demand curve is also known as _____.
- a. Isocost curve,
 - b. Budget line,
 - c. Engel curve,
 - d. Production possibility curve.

14. Engel curve expresses the relation between _____ and quantity demanded.
- a. Price,
 - b. Cross price,
 - c. budget,
 - d. income.
15. When Engel curve passes through origin, income elasticity will be equal to _____ at all points of the curve.
- a. zero,
 - b. unity,
 - c. less than one,
 - d. greater than one.

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