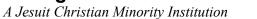


St. Lawrence High School





FOR GOD AND COUNTRY Answer Key 10

Sub: Economics Class: XII

Chapter 03: Elasticity of demand Topic: Income elasticity of demand

Date: 13/05/2020

F.M: 15

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.

Ans: b. percentage change.

- 2. By income elasticity we mean rate of change of
 - a. Tastes and preferences,
 - b. Advertisement,
 - c. Quantity demanded,
 - d. Rate of interest.

Ans: c. Quantity demanded.

- 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.

Ans: 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.

Ans: 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.
		Ans: b. change in income.
6.	Inc	ome elasticity is measured in terms ofchange.
	a.	Unit,
	b.	Small,
	c.	Percentage,
	d.	None of these.
		Ans: c. percentage.
7.	The	e sign of income elasticity will be
	a.	Positive,
	b.	Negative,
	c.	Zero,
	d.	All of above.
		Ans: d. All of above.
8.	The	e value of income elasticity will be positive when the good is
	a.	Inferior,
	b.	Normal,
	c.	Luxury,
	d.	Habitual.
		Ans: b. Normal.
9.	Foi	r inferior good the value of income elasticity will be
	a.	Positive,
	b.	Less than one,
	c.	Negative,
	d.	Greater than one.
		Ans: c. Negative.
10.	Wł	nen the value of income elasticity is greater than one then the good is
	a.	Luxury,
		Habitual,
		Normal,
	d.	All of above.
		Ans: a. Luxury,
11. For necessary good the value of income elasticity will be		
11.		Zero,
	υ.	One,

d.	Less than one.	
	Ans: c. Greater than one.	
pe a. b. c.	or a one percent change in income, if quantity demand changes by exactly one ercent, then the good has income elasticity. Elastic. Inelastic, Unitary, Perfectly elastic. Ans: c. Unitary.	
13. Income demand curve is also known as		
a.	Isocost curve,	
b.	Budget line,	
c.	Engel curve,	
d.	Production possibility curve.	
	Ans: c. Engel curve.	
14. Engel curve expresses the relation between and quantity demanded.		
	Price,	
b.	Cross price,	
c.	budget,	
d.	income.	
	Ans: d. income.	
15. When Engel curve passes through origin, income elasticity will be equal		
	l points of the curve.	
a. b.	,	
c.		
d.		
u.	Ans: b. unity.	
	Tallet D. Gilley.	

c. Greater than one,

Debaleena Ganguly. 13.05.2020