

Questions	A	B	C	D	Answer
An endless demand at the given price is the case of _____ demand.	Relatively elastic	Unitary elastic	perfectly elastic	None of these	c
A steeper demand curve represent relatively _____ demand.	elastic	perfectly elastic	inelastic	unitary	c
If income rise by 10%, demand too rise by 10%, then income elasticity of demand is _____.	Unitary elastic	Relatively elastic	unitary	perfectly elastic	c
Income elasticity of demand is negative for _____ goods.				inferior	d
If two goods are unrelated to each other, then it is _____ cross elasticity of demand.	None of the above	positive	Negative	zero	d
Advertisement elasticity of demand is always _____.	Negative	positive	zero	None of the above	b
Different _____ are indicated by differently sloping income demand curve.	price elasticity	Income elasticities	Elasticity of substitution	None of these	b
A vertical straight line demand curve implies _____ degree of price elasticity.	Positive	Negative	None of these	zero	d
Commodities which requires a large portion of consumer's income tend to have _____ demand.	perfectly elastic	Zero	inelastic	elastic	d
Jointly demanded goods tend to have _____ demand.	inelastic	perfectly elastic	Relatively inelastic	inelastic	d
A flatter demand curve represent relatively _____ demand.	elastic	Relatively elastic	None of the above	inelastic	a
If elasticity of demand = 1, the marginal revenue is _____.	zero	Infinity	Positive	Negative	a
If cross elasticity between two goods is positive, goods are necessarily complements.	true	false			b
In case of inferior goods income elasticity of demand is positive.	true	false			b
The cross elasticity of demand may be positive, negative or zero.	true	false			a
A vertical demand curve implies zero price elasticity.	true	false			a
Promotion elasticity is always positive.	true	false			a
The concept of elasticity of demand has no useful application.	true	false			b
A perfectly elastic demand is represented by rectangular hyperbola curve.	true	false			b
A horizontal demand curve implies perfectly inelastic demand.	true	false			b
In zero income elasticity, change in income has not effect on demand.	true	false			a
If elasticity of demand is infinite, marginal revenue will be increase.	true	false			b
When $e = 1$, total revenue reaches its maximum.	true	false			a
Demand for electricity is elastic.	true	false			a

Habits makes demand inelastic	true	false			a
The cross price elasticity of demand is defined as :	The ratio of percentage change in the demand to the percentage change in the price.	The ratio of percentage change in the demand for a given product to the percentage change in the price of a related other product.	The ratio of percentage change in the demand for product X to the percentage change in the demand for product Y.	The ratio of two different elasticities.	b
A positive cross-price elasticity coefficient implies that :	Two products are substitutes	Two products are jointly demanded	Two products are complementary	Two products have no relations	a
When the price of a product X is 60 per unit, the quantity demand is 2000 units. When the price of X increased to 100 per unit, the market demand contracted to 1000 units. Then the price elasticity of demand coefficient is :	- 1.75	- 0.75	0.8	0.75	b
Measurement of demand elasticity enables the manager to :	Know the magnitude of demand	Characterised the nature of demand for the product	Consider both (a) and (b)	Consider (b) and (c)	d
Which of the following can be expected to have a flatter demand curve?	Petrol	Salt	Plasma TV	All of the above	c
Which of the following is a possible coefficient of inelastic demand ?	3.3	0.6	1.1	1	b
If the price of a product increases from 5 to 10 and corresponding change in demand is from 30 units to 12 units; it is the case of :	Unitary elastic demand	Elastic demand	Inelastic demand	Perfectly elastic demand	d
Which could be a positive cross elasticity demand between Butter and Jam?	1	- 0.9	0.9	2	b
When demand is perfectly elastic, the demand curve is :	Steep	Non-linear	Linear	Horizontal straight line	d
A product's market demand tends to be inelastic when :	There are many suppliers	There are several substitutes	Less substitutes	All of the above	c
On a linear horizontal demand curve :	Elasticity is zero	Elasticity is infinity	Elasticity is low towards origin	All of the above	b
Unitary elastic demand is represented by :	Horizontal demand curve	Downward sloping demand curve	Vertical demand curve	Hyperbola slope demand curve	d
The demand for a product is referred to as price-inelastic, if :	The elasticity coefficient is less than unity	The buyers do not respond much to the price variation in the market	The fall in price is accompanied by the decrease of demand	Both (a) and (b)	d
The basic formula for the advertising elasticity of demand coefficient is :	Ratio of rise in demand to rise in advertising expenses	Percentage change in quantity demanded/percentage change in advertising expenditure	Absolute change in demand/absolute change in advertising expenditure	$(\% \square D) (\% \square A)$	b
In the case of a linear demand curve :	Elasticity is same throughout	Elasticity varies at different points	Demand is highly elastic at vertical intercept	Demand is constant	b
If an increase in the price of product X does not change its total sales revenue, the manager should infer that the demand for X is :	Undeterminable	Unitary elastic	Relatively inelastic	Perfectly inelastic	b

Usually demand for air travel in business class is assumed to be :	Highly price elastic	Price inelastic	Unitary elastic	Undeterminable	b
Market demand for necessities are usually :	Highly price-elastic	Price-inelastic	Perfectly elastic	Perfectly inelastic	b
Which of the following product has nearly perfectly inelastic demand?	Salt	Electricity	Petrol	Higher Education in Management field	a
If elasticity of demand (e) < 1, then marginal revenue is always _____.	Positive	Negative	Zero	None of these	b
If elasticity of demand = 1 than marginal revenue is _____.	positive	negative	zero	none of these	c
If cross elasticity of demand is positive, goods are _____.	Complementary	Substitutes	not related	None of these	b
If a small reduction in price leads to a fall in total outlay, elasticity of demand is :	less than one	greater than one	equal to one	none of the above	a
Which is the cause of the rightward shift of the demand curve for cars?	An increase in income	An increase in population size	Lower prices of petrol	All of the above	c
A percentage change in quantity demanded divided by a percentage change in price is called	income elasticity of demand	price elasticity of demand	price elasticity of supply	elasticity of substitution	b
On the lower segments of a downward sloping straight line demand curve price elasticity of demand is	> 1	< 1	1	none of the above	b