

- 5 Cross elasticity of demand between two perfect substitutes will be
A Low B High
C Zero D Infinity
- 6 Shifts in demand curve include
A Increase in Demand (Upward shift) B Extension in demand
C Contraction in demand D None of the above
- 7 An indifference curve is always
A A vertical straight line B Convex to the origin
C Concave to the origin D A horizontal straight line
- 8 In case of monopoly, a firm in the long run can have
A Loss B Super Normal Profit
C Break even D All of these
- 9 Marginal cost curve cuts the average cost curve from below at
A its lowest point B the left of the lowest point
C right of the lowest point D All of the above
- 10 Elasticity of demand measures the
A Sensitivity of sales to changes in a particular causal factor B Sensitivity of production to changes in a particular cost
C Value of price and cost D Volume of product

Part – B (Do as Directed)

(05)

State whether the following statement are True or False

- 1 Car and Petrol have negative cross elasticity of demand
- 2 Larger the number of substitutes, the more elastic is the demand
- 3 Law of Demand is explained by Prof. Robbins.
- 4 Supply is a relative term
- 5 If price falls, supply curve will shift to the left
