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# Questions:

## Multiple Choice Question

1. Pick the odd one out
   (a) Luxuries (b) Comforts (c) Necessaries (d) Agricultural goods
2. Choice is always constrained or limited by the _____ of our resources.
   (a) Scarcity (b) Supply (c) Demand (d) Abundance
3. The chief exponent of the cardinal utility approach was
   (a) J.R. Hicks (b) R.G.D. Allen (c) Marshall (d) Stigler
4. Marginal utility is measured by using the formula of
   (a) $TU_n - TU_{n-1}$ (b) $TU_n - TU_{n+1}$ (c) $TU_n + TU_{n+1}$ (d) $TU_n - TU_{n+1}$
5. When marginal utility reaches zero, the total utility will be
   (a) Minimum (b) Maximum (c) Zero (d) Negative
6. Gossen's first law is known as
   (a) Law of Equi-Marginal Utility (b) Law of Diminishing Marginal Utility (c) Law of Demand (d) Law of Diminishing returns
7. The basis for the law of demand is related to
   (a) Law of Diminishing Marginal Utility (b) Law of Supply (c) Law of Equi-Marginal Utility (d) Gossen's Law
8. The concept of consumer's surplus is associated with
   (a) Adam Smith (b) Marshall (c) Robbins (d) Ricardo
9. Given potential price is Rs. 250 and the actual price is Rs. 200. Find the consumer surplus.
   (a) 375 (b) 175 (c) 200 (d) 50
10. Indifference curve approach is based on
    (a) Ordinal approach (b) Cardinal approach (c) Subjective approach (d) Psychological approach
11. The concept of elasticity of demand was introduced by
    (a) Ferguson (b) Keynes (c) Adam Smith (d) Marshall
12. Increase in demand is caused by
    (a) Increase in tax (b) Higher subsidy (c) Increase in interest rate (d) decline in population
13. The movement on or along the given demand curve is known as _____
    (a) Extension and contraction of demand (b) shifts in the demand (c) increase and decrease in demand (d) all the above
14. In case of relatively more elastic demand the shape of the curve is
    (a) Horizontal (b) Vertical (c) Steeper (d) Flatter
15. A consumer is in equilibrium when marginal utilities from two goods are
    (a) Minimum (b) Inverse (c) Equal (d) Increasing
16. Indifference curve was first introduced by
    (a) Hicks (b) Allen (c) Keynes (d) Edgeworth
17. Elasticity of demand is equal to one indicates
    (a) Unitary Elastic Demand (b) Perfectly Elastic Demand (c) Perfectly Inelastic Demand (d) Relatively Elastic Demand
18. The locus of the points which gives same level of satisfaction is associated with
    (a) Indifference Curves (b) Cardinal Analysis (c) Law of Demand (d) Law of Supply
19. Ordinal Utility can be measured by
    (a) Ranking (b) Numbering (c) Wording (d) None of these
20. The indifference curve are
    (a) vertical (b) horizontal (c) positive sloped (d) Negatively sloped

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