

TEST

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## QUESTIONS

SECTIONS

1. CS EET SUPPLY - 10 Questions

### Section 1 : CS EET SUPPLY - 10 Questions

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- 1** What does 'elasticity of supply' measure?
- a. The change in quantity supplied divided by the price
  - B. The responsiveness of quantity supplied to a change in price
  - C. The responsiveness of quantity supplied to a change in demand
  - D. The responsiveness of price to a change in the quantity supplied
- Correct: +1
- 2** If a 5% fall in the price of a commodity causes quantity supplied to decrease by 8%, then supply is
- a. elastic
  - B. inelastic
  - C. unit elastic
  - perfectly inelastic
- Correct: +1
- 3** The market period supply curve for perishable commodities is
- A. relatively inelastic
  - B. perfectly inelastic
  - C. relatively elastic
  - D. perfectly elastic
- Correct: +1
- 4** The elasticity of supply of a commodity measures the ease with which
- a. its production can be expanded in response to change in price
  - B. additional units of a fixed factor used in its production can be obtained
  - C. units of a variable factor can be substituted for units of a fixed factor used in its production
  - D. additional units of a factor used in its production can be purchased at going rates
- Correct: +1

5 Which one of the following is likely to lead directly to a shift in the supply curve for dresses?

- a. An increase in the income of consumer
- B. A reduction in a tariff on imported cotton used in dress manufacture
- C. A successful advertising campaign by an association of dress manufactures
- D. An increase in the prices of skirts and blouses

Correct: +1

6 Which of the following will not cause a shift in the market supply curve of a commodity?

- a. A rise in the price of a commodity
- B. A rise in the price of a factor input
- C. A change in technology
- D. The introduction of a specific tax on the commodity

Correct: +1

7 If the elasticity of supply is two, this means that if

- A. the price rises by one rupee, the quality supplied will rise by two rupees
- B. the price falls by one rupee, quality supplied will fall by two rupees
- C. the price rises by 1%, the quality supplied will rise by 2%
- D. the price rises by 2%,the quality supplied will fall by 2%

Correct: +1

8 If a positively sloped linear supply curve crosses the quality axis, the elasticity of supply is

- a. inelastic
- B. elastic
- C. unitary elastic
- D. perfectly elastic

Correct: +1

9 Suppose that there is an increase in input prices. We should expect

- a. supply to increase
- B. supply to decrease
- C. supply could increase or decrease
- D. supply to remain uncharged

Correct: +1

10 The horizontal supply curve parallel to quantity axis represents

- a. elastic supply
- B. inelastic supply

- C. perfectly elastic supply
- D. perfectly inelastic supply

Correct: +1

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ANSWERS

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- 1 a. The change in quality supplied divided by the price
- 2 a. elastic
- 3 A. relatively inelastic
- 4 a. its production can be expanded in response to change in price
- 5 a. An increase in the income of consumer
- 6 a. A rise in the price of a commodity
- 7 A. the price rises by one rupee, the quality supplied will rise by two rupees
- 8 a. inelastic
- 9 a. supply to increase
- 10 a. elastic supply

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**SOLUTIONS**

SECTIONS

1. CS EET SUPPLY - 10 Questions

**Section 1 : CS EET SUPPLY - 10 Questions**

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**1 B**

**2 A**

**3 B**

**4 A**

**5 B**

**6 A**

**7 C**

**8 A**

**9 B**

**10 C**