

WORK SHEET
UNIT-II

1. The law of demand states that:
 - A) Demand increases with price
 - B) Demand decreases with price
 - C) Demand is constant
 - D) Demand is independent of price**Answer:** B) Demand decreases with price
2. Elasticity of demand measures:
 - A) Change in income
 - B) Change in supply
 - C) Responsiveness of demand to price change
 - D) Total revenue**Answer:** C) Responsiveness of demand to price change
3. When elasticity of demand is greater than 1, demand is:
 - A) Inelastic
 - B) Elastic
 - C) Unitary
 - D) Perfectly inelastic**Answer:** B) Elastic
4. Which type of demand elasticity considers income changes?
 - A) Price elasticity
 - B) Cross elasticity
 - C) Income elasticity
 - D) Supply elasticity**Answer:** C) Income elasticity
5. The law of demand assumes:
 - A) Income changes
 - B) Tastes change
 - C) Other factors remain constant
 - D) Supply changes**Answer:** C) Other factors remain constant
6. Which method is used to measure elasticity?
 - A) Percentage method
 - B) Total expenditure method
 - C) Point method
 - D) All of the above**Answer:** D) All of the above
7. Demand is said to be perfectly elastic when elasticity is:
 - A) 0
 - B) 1
 - C) Infinite
 - D) Less than 1**Answer:** C) Infinite

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8. A good demand forecasting method should be:
- A) Complex
 - B) Accurate
 - C) Expensive
 - D) Time-consuming
- Answer: B) Accurate**
9. Which is a qualitative method of demand forecasting?
- A) Trend projection
 - B) Survey method
 - C) Regression analysis
 - D) Time series analysis
- Answer: B) Survey method**
10. Which is a quantitative method of demand forecasting?
- A) Opinion poll
 - B) Expert judgment
 - C) Time series analysis
 - D) Delphi method
- Answer: C) Time series analysis**
11. The law of supply states that:
- A) Supply decreases with price
 - B) Supply increases with price
 - C) Supply is constant
 - D) Supply is independent of price
- Answer: B) Supply increases with price**
12. A supply function shows the relationship between:
- A) Demand and price
 - B) Supply and cost
 - C) Quantity supplied and its determinants
 - D) Income and supply
- Answer: C) Quantity supplied and its determinants**
13. Which of the following affects supply?
- A) Technology
 - B) Cost of production
 - C) Government policy
 - D) All of the above
- Answer: D) All of the above**
14. Cross elasticity of demand measures:
- A) Demand and income relation
 - B) Demand and price of related goods
 - C) Supply and demand relation
 - D) Price and cost relation
- Answer: B) Demand and price of related goods**
15. Demand forecasting helps in:
- A) Reducing uncertainty
 - B) Increasing risk

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C) Ignoring market trends

D) Decreasing production

Answer: A) Reducing uncertainty

FILL IN THE BLANKS

1. The law of demand shows an _____ relationship between price and demand.

Answer: inverse

2. Elasticity of demand measures _____ of demand.

Answer: responsiveness

3. When elasticity is equal to 1, demand is called _____ elasticity.

Answer: unitary

4. Income elasticity measures change in demand due to change in _____.

Answer: income

5. Demand forecasting helps in reducing _____ in business decisions.

Answer: uncertainty

6. A good forecast should be _____ and reliable.

Answer: accurate

7. The law of supply shows a _____ relationship between price and supply.

Answer: direct

8. Supply depends on cost of _____.

Answer: production

9. Qualitative forecasting methods are based on _____.

Answer: judgment

10. Supply function represents the relationship between supply and its _____.

Answer: determinants



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