

Fill in the blanks.

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1. Indian economy is an example of Mixed economy.
2. Deflation is a situation in which the price level consistently decrease.
3. Sensitiveness of supply to changes in Price is called elasticity of supply.
4. Anything which is widely acceptable in discharge of obligation is called money.
5. Offering more quantity for sale at higher price is called Extension of supply.
6. Micro economy is otherwise known as price theory.
7. Macro economy is otherwise known as Income theory.
8. Wealth is fund and income is flow.
9. The slope of demand curve is downward to the origin.
10. Scarcity definition of economics is given by Lionel Robbins.

11. Transport of timber from forest to market creates Place utility.
12. The author of the book "Wealth of Nation" is Adam Smith.
13. When quantity offered for sale increases merely because price has risen, it is known as extension in supply.
14. A peon in an office becomes a clerk, in a case of vertical mobility.
15. Mineral water is economic good.
16. As income rises, percentage expenditure on necessities of life decreases.
17. When total utility is at maximum, marginal utility is at zero.
18. The demand for seed by a farmer is a produce good.
19. If more is demanded at the same price, it is a case of increase in demand.
20. Skill intelligence etc. of a person are Internal type of good.

21. The law of equi-marginal utility falls under theory of cardinal approach.
22. The transformation of log of wood into piece of furniture is form of utility.
23. Demand for common salt is inelastic.
24. All money is wealth but all wealth is not money.
25. Law of equi-marginal utility is also called as "Law of substitution" or law of maximum satisfaction.



State True or False.

1. The Author of "Wealth of Nations" was Adam Smith.

Ans:- True.

2. Economic is primary study of wealth

Ans:- True.

3. Food and clothing is a example of capital good.

Ans:- false. [Consumption]

4. Air is an economic good

Ans:- false. [Free]

5. The want satisfying quality of a good is called utility.

Ans:- True.

6. Total utility is the utility of the first unit of commodity.

Ans:- false [Initial Utility]

7. Value expressed in terms of money is called price.

Ans:- True

8. Capital is fund while income is flow

Ans:- True.

9. Utility of the last unit called marginal utility.

Ans:- False True

10. Railway is a private good in India.

Ans:- False [Public]

11. A motor car for a college student is necessaries.

Ans:- False. [luxuries]

12. Consumption is destruction of utility.

Ans:- True.

13. Consumer surplus is useful to finance minister in imposing taxes.

Ans:- True

14. Negative wealth refers to debts owned by individual

Ans:- True.

15. In economics the term value is used in sense<sup>value</sup> of use

Ans:- False [Exchange]

16. Standard of living means standard of life.

Ans:- False. [Standard of living does not necessarily means ...]

17. Saving and investment are synonymous terms.

Ans:- False. [Different]

18. All money is wealth but all wealth is not money.

Ans:- True.

19. Economics is positive as well as normative science.

Ans:- True.

20. Supply having positive relationship with price.

Ans:- True.

21. Demand having positive relationship with price.

Ans:- False. [Supply]

22. Slope of demand curve is negative.

Ans:- True.

23. Reward for use of land is interest.

Ans:- False [land rent]

24. When marginal product is zero total product is at maximum.

Ans:- True.

25. Extension of demand means more demand at less price.

Ans:- True.

26. The direct tax is elastic.

Ans:- True.

27. Taxes and depreciation are examples of fixed cost.

Ans:- True.

28. In progressive taxation an income increases tax increases.

Ans:- True.

29. Mixed economy is combination public and private sector.

Ans:- True.

30. Income tax is direct tax.

Ans:- True.

31. Professional tax is an example of indirect tax.

Ans:- False [direct tax]

32. Robinsons is the author of welfare definition of economics.

Ans:- False [Scarcity]

34. Adam Smith is the author of welth definition of economics.

Ans:- True.

35. Alfred Marshall is the author of welfare definition of economics.

Ans:- True.

36. J. M. Keynes is the author of Growth definition of economics.

Ans:- True

37. Human wants are limited.

Ans:- False [Unlimited]

38. The book written by Marshall is 'Nature significance of economic science'.

Ans:- False [Principles of Economics]

39. Coffee and Tea are the examples of composite demand.

Ans:- False. [Competitive demand]

40. Utility and satisfaction are different concepts.

Ans:- True.

41. There is direct relationship between price and demand.

Ans:- False [Indirect or Inverse]

42. Elasticity of demand explains a relationship between income and demand.

Ans:- False. [Price]

43. There are some exceptions to the law of demand.

Ans:- True

44. The cross elasticity of demand between two substitutes is zero.

Ans:- False.