Grade 12 Worksheet - Ch:4 – Sec:3

# Elasticity of Demand

## Part A: Multiple Choice Questions

1. What does elasticity of demand measure?
A. Total production B. Consumer income C. Responsiveness to price change D. Government policy

2. Demand is considered elastic when:
A. Price change has no effect B. Quantity demanded changes significantly C. Supply increases D. Prices remain fixed

3. Demand is inelastic when:
A. Quantity demanded changes greatly B. Consumers ignore price changes C. Price and demand are equal D. Supply decreases

4. If prices rise and demand drops sharply, demand is:
A. Inelastic B. Unit elastic C. Elastic D. Fixed

5. Unit elastic demand means:
A. No change in demand B. Equal percentage change C. Demand is zero D. Price constant

6. Total revenue is:
A. Price × Supply B. Price × Quantity Sold C. Demand × Supply D. Income × Price

7. When demand is elastic and price increases, revenue:
A. Increases B. Decreases C. Same D. Doubles

8. Factor affecting elasticity:
A. Weather B. Consumer preferences C. Government D. None

9. Luxury goods have:
A. Inelastic B. Elastic C. Fixed D. No demand

10. Necessities have:
A. Elastic B. Inelastic C. Unlimited D. No demand

11. If price decreases and revenue increases:
A. Elastic B. Inelastic C. Unit D. Zero

12. Demand depends on:
A. Supply B. Price C. Weather D. Government

13. Elastic demand means:
A. Not responsive B. Highly responsive C. Unaware D. Indifferent

14. Buyer reaction term:
A. Supply curve B. Elasticity C. Revenue D. Profit

15. Price-demand relation:
A. Simple B. Fixed C. Complex D. Equal

## Part B: Yes / No

| | |
|---|---|
| **16.** | Elasticity shows reaction to price. (Yes/No) |
| **17.** | All goods react same. (Yes/No) |
| **18.** | Demand is always fixed. (Yes/No) |
| **19.** | Revenue helps determine elasticity. (Yes/No) |
| **20.** | Price rise always lowers demand. (Yes/No) |

## Part C: Matching

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|---|---|---|
| **21.** | Elastic Demand | Little response |
| **22.** | Inelastic Demand | Large response |
| **23.** | Unit Elastic | Income from sales |
| **24.** | Total Revenue | Basic goods low response |
| **25.** | Necessities | Equal change |