8 Which statement is true if the income elasticity of demand for a good has a value of –0.2?

A When income rises less of the good is bought.

B When income rises more of the good is bought.

C When price falls more of the good is bought.

D When price rises less of the good is bought.

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7 When can a product be said to have a negative income elasticity of demand?

A When it is a luxury good.

B When it is a necessity good.

C When it is a normal good.

D When it is an inferior good.

11 An indirect tax is imposed on good X.

Which situation is most likely to result in producers bearing a higher burden of the tax?

A price elasticity of demand is elastic

B price elasticity of demand is inelastic

C price elasticity of supply is elastic

D price elasticity of supply is inelastic