

Economics Ics Part 1 English Medium Online Test

Sr	Questions	Answers Choice
1	Power of a product which can satisfy human want is.	A. Utility B. Total utility C. Average utility D. Marginal utility
2	When demand rises more than supply price of the product will.	A. Rise B. Fall C. Remains unchanged D. None of the three
3	Total utility is maximised when.	A. Marginal utility is zero B. Marginal utility falls C. Marginal utility rises D. Non of the above
4	Marginal product curve intersects average product curve when AP curve is	A. minimum B. maximum C. rising D. falling
5	When AC curve rises, MC curve remains:	A. Above AC B. Below AC C. Equal AC D. Negative
6	Economic problems arises because of.	A. Unlimited wants. B. Scarcity of resources. C. Alternative use of resources. D. All of the above
7	A firm decides to exit the industry when	A. AC starts rising B. MC starts rising C. price is less than LAC D. TC starts rising
8	Given the supply curve, a fall in demand will.	A. Increase equilibrium quantity of the product B. Decrease equilibrium quantity of the product C. Not affect equilibrium quantity D. Not affect equilibrium price
9	A professor is promoted to be a principle . What type of mobility will it be.	A. Vertical mobility B. Horizontal mobility C. Geographical mobility D. None of the three
10	How many functions of capital	A. 6 B. 5 C. 4 D. 7
11	When average product (AP) and marginal product (MP) are rising.	A. $AP > MP$ B. $AP = MP$ C. $AP < MP$ D. $AP = MP = 0$
12	Every factor of production gets reward equal to its	A. cost B. marginal product C. price D. increasing return
13	How many kinds of data?	A. 2 B. 3 C. 4 D. 5
14	Land is	A. hireable B. not hireable C. homogeneous D. a form of capital
15	The necessary condition for equilibrium of firm is	A. $AVC = AFC$ B. $AR = MR$ C. $MC = MR$

		D. $TVC = TFC$
16	The production function relates to	A. cost of output B. cost of input C. output to input D. demand to output
17	When the classify data on the basis of income there will be	A. class intervals B. class numbers C. groups D. sections
18	In case of monopoly	A. marginal revenue curve always slopes upward B. total revenue curve always slopes upward C. marginal revenue is always equal to average revenue D. marginal revenue is always less than average revenue
19	In the long run under perfect competition a firm produces at a point where	A. LAC is minimum B. SAC is minimum C. both LAC and SAC are minimum D. none is minimum
20	Supply curve	A. is vertical in long run B. is flatter in long run C. is same in long and short run D. is horizontal in both short and long run
21	A product which has value price in the market has.	A. Utility B. Scarcity C. Transferability D. All the three
22	Price elastic of demand measures	A. change in price caused by changes in demand B. the rate of change of sales C. the responsiveness of demand to price changes D. the value of sales at a given price
23	To measure changes in purchasing power of money, we use	A. percentages B. index numbers C. averages D. variables
24	Law of diminishing returns is a universal law as:	A. It does apply in all aspects of an economy. B. Basically it applies in agriculture. C. It is hard to check it. D. It applies in industry as well
25	Profits	A. are lower in the long run than in the short run B. can be negative C. are less in perfect competition than in monopoly D. all of the above
26	Money wages are also called	A. Nominal Wages B. Real wages C. Gross wages D. Net wages
27	With an increase in the supply of labour wage rate will:	A. Fall B. Increase C. Remain constant D. None of the three
28	Economies and diseconomies of scale determine the shape of	A. long run AC curve B. short run AC C. average fixed cost D. none of the above
29	Mobility of labour can be promoted by.	A. Health B. Better rewards C. Immigration D. Information media
30	The necessary condition for equilibrium position of a firm is	A. $MC > MR$ B. $MC > \text{price}$ C. $MC = MR$ D. $MC = AC$
		A. Extant of market B. Revolutionary changes in social

31	An important factor which promotes large scale production is:	B. Revolutionary changes in social life C. Culture and civilization D. All the three
32	When $MR = MC$, a firm.	A. Does not attain a equilibrium position B. Suffers from loss C. Attains its equilibrium position D. Attains profit
33	Malaysia enjoys monopoly on rubber, but which kind of monopoluit is.	A. Natural monopoly B. Social monopoly C. Legal monopoly D. Implied monopoly
34	Total fixed cost curve is .	A. Parallel to the vertical axis B. Parallel to the horizontal axis C. Sloping downward to the right D. Sloping upward to the right
35	Economics is a science	A. Spiritual B. Social C. dismal D. moral
36	Ceteris paribus means	A. other things equal B. all variable are independent C. all relationships are inverse D. that no other assumptions are made
37	Which one is the non-economic activity.	A. Service of a doctor B. Morning walk C. Service of teacher D. Service of an advocate
38	An example of natural resource is	A. factory B. skilled doctor C. oil reserves in the ground D. oil reserves in storage tank
39	This is capital	A. money B. forests C. machinery D. trademarks
40	Law of Equi marginal utility is a low of	A. production of wealth B. consumption of wealth C. distribution of wealth D. exchange of wealth
41	One of the following is not a characteristics of economic laws.	A. Economic laws lack exactitude B. Economic laws lack predictability C. They are not universa! D. They are not optional
42	Haris has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Haris did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is	A. perfectly elastic B. perfectly inelastic C. elastic D. less elastic
43	The demand for a factor depends on its.	A. MRP B. ARP C. $MRP = ARP$ D. $MRP \neq ARP$
44	In case of perfectly elastic demand curve, the demand curve will be parallel to the.	A. Horizontal Axis B. Vertical Axis C. None of the above
45	$Q_d = 12 - 2P$ $Q_s = -4 + 6P$ in this market model, P and Q are respectively.	A. 2 & 8 B. 4 & 8 C. 4 & 10 D. None of the three
46	Economic development of a country requires	A. skilled labour B. diplomacy C. abundant natural resources D. a and c of aboce
47	One of the following is not an assumption of the Ricardian theory of rent.	A. Lands are cultivated in sequence B. All lands are homogeneous C. All units of labour are identical D. There are original and industuctible powers of soils
48	To say that two goods are unrelated, their cross price elasticity of demand should be	A. less than 0 B. greater than 0

48	To say that two goods are unrelated, their cross price elasticity of demand should be	C. equal to 0 D. 1
49	A firm under perfect competition is	A. price maker B. price breaker C. price taker D. price shaker
50	If in a production process, all inputs are increased by 10% and output increase by less than 10%, then it is called	A. economies of scale B. diseconomies of scale C. diminishing marginal returns D. negative economies
51	If elasticity of supply is greater than one. supply curve will be	A. horizontal B. vertical C. passing through origin D. touching y-axis
52	Under monopoly the price is always equal to:	A. AR B. MR C. MC D. AVC
53	If price and total revenue move in the same direction, then demand is	A. inelastic B. elastic C. unrelated D. perfectly elastic
54	Which of the following is the subject matter of Economics.	A. Optimum use of limited resources for the satisfaction of unlimited human wants. B. Economic problems of the developing countries. C. Labour problems. D. Balance of payment problems.
55	He said interest is payment for use of money	A. Adam Smith B. Ricardo C. Keynes D. Marshall
56	Total cost = Total variable cost in the.	A. Marked period B. Short run C. Long run D. None of the three
57	Which laws are always subjected to certain conditions.	A. Social B. Political C. Moral D. Economic
58	Elasticity of a demand for product will be greater than unity if, with a fall in its price, total expenditure of consumer.	A. Increase B. Falls C. Remains the same D. None of the three
59	The three broad types of productive resources are	A. money, profit and interest B. capital, labour and natural resources C. labour, stock shares and deposits D. technology, land and markets
60	Price and demand are positively correlated in case of	A. necessities B. comforts C. Giffen goods D. Luxuries
61	The first law of consumption was presented by.	A. Robert Malthus B. Lionel Robbins C. Alfred Marshall D. Pareto
62	To show data in tables, we must first	A. reduce data B. expand data C. classify data D. all of the above
63	When marginal revenue is zero, total revenue is	A. maximum B. minimum C. zero D. decreasing
64	Which is the general form of quadratic equation	A. $x^2 - x - 20 = 0$ B. $ax^2 + bx + c = 0$ C. $x^2 - x - c = 0$ D. None of these
65	The price elasticity of demand is	A. neutral B. positive

65	The relationship between two variables that move in the same direction is called	C. independent D. dependent
66	The goods used to produce income or wealth are.,	A. Consumer goods B. Manufactured goods C. Merit goods D. Capital goods
67	Supply of a commodity means	A. willingness to sell a certain quantity B. physical stocks available C. planned production D. total production in a given period
68	If a firm shuts down temporarily, it will incur loss equal to	A. AFC B. AVC C. TFC D. TVC
69	The talent of a professor is .	A. National wealth B. International wealth C. Personal wealth D. Non of them
70	The quality of commodity that satisfies some human want or need is called	A. service B. demand C. utility D. efficiency
71	The most efficient scale of production of a firm is where	A. LAC is minimum B. SAC is minimum C. LMC is minimum D. SMC is minimum
72	Constant are represented by symbol	A. C B. V C. P D. U
73	Utility of a product depends upon	A. Knowledge B. Ownership C. Form D. All of them
74	When price elasticity of demand for normal goods is calculated, the value is always	A. positive B. negative C. constant D. greater than one
75	One of the following is not an assumption of law of supply.	A. Political system should not changed B. Cost of production should not changed C. Production technique should not changed D. Cost of raw material should not changed
76	Doctors get higher wages than clerks because	A. doctors are in short supply B. doctors have more respect in society C. doctors are organised in trade unions D. people fear doctor's displeasure
77	Economic profit is	A. part of total cost B. total revenue minus total cost C. total revenue minus variable cost D. total variable cost minus total fixed cost
78	Wealth of nations	A. is another name for united nations B. is name of a book C. indicates total wealth of rich countries D. contains formulas to earn wealth
79	Which of the following shifts supply curve of cars to the right	A. tax on new cars B. increase in wages of workers C. decrease in steel price D. a successful promotion campaign by sellers
80	The maximum number of partners in a partnership is .	A. 20 B. 30 C. 15 D. 18

A. Diseconomies

81	When business expands beyond its optimum level what type of economics will it be getting.	B. Internal economies C. External economies D. Managerial economics
82	If quantity demanded is completely unresponsive to changes in price, demand is	A. inelastic B. unit elastic C. elastic D. perfectly inelastic
83	If demand is unitary elastic, a 25% increase in price will result in	A. 25% change in total revenue B. no change in quantity demanded C. 1% decrease in quantity demanded D. 25% decrease in quantity demanded
84	Prof. Marshall thinks	A. Economics studies national welfare B. Economics studies personal welfare C. Economics studies total welfare D. Economics studies material welfare
85	The position of the firm when it is earning maximum of profit and Profit = Total Revenue - Total cost are called	A. Perfect competition B. Under perfect competition C. Equilibrium of firm D. None of these
86	$x = f(y)$.	A. x is a dependent variable. B. y is a dependent variable C. x and y are dependent variables. D. None of the three
87	He presented a theory of rent	A. Malthus B. Allama Iqbal C. Ricardo D. Marshall
88	Products A and B are substitutes whereas A and C are complement. With a rise in the price of product A, quantity demand of:	A. Product B will go up B. Product will fall C. Both the above will take place D. Nothing will take place
89	Money wages are also called	A. Nominal Wages B. Real wages C. Gross wages D. Net wages
90	Profits	A. are like wages B. are like interest C. always depend upon chance D. none of the above is true
91	$Q_d = 50 - 5P$ people will demand 50 when price of the product is:	A. Very high B. Very low C. Zero D. Unity
92	Basic economic problem is	A. inflation B. unemployment C. scarcity D. lack of money
93	Economics	A. is more important than mathematics B. is a social science C. should be made compulsory for every student D. is difficult to study
94	Short run means is a period	A. less than one year B. in which at least one input is fixed C. in which no input can be changed D. in which firms can easily enter or exit
95	Marginal utility of a product is the utility obtained by consuming.	A. First unit of consumption B. Each additional unit of consumption C. Last unit of consumption D. None of the them
96	The basic goal of a firm is to	A. maximize revenues B. maximize employees' welfare C. maximize profit D. maximize output
97	If a firm makes 200 units of a good available at a price of Rs. 10 per unit, the elasticity is	A. 0.05 B. 10

97	If a firm makes 200 units of a good available at a price of Rs. 10 per unit, the elasticity is	C. 20 D. indeterminate
98	How many kinds of market?	A. 4 B. 5 C. 6 D. 7
99	Elasticity of demand in case of minor change in price and quantity demand will be .	A. Income elasticity of demand B. Cross elasticity of demand C. Point elasticity of demand D. Arc elasticity of demand
100	Price of a product is determined in a free market	A. by demand for the product B. by supply of the product C. by both demand and supply D. by the government
101	When supply rises more than demand price of the product will.	A. Rise B. Fall C. Remain unchanged D. Non of the three
102	Capital formation takes place when	A. people save a part of their incomes B. saved amount is invested C. investors expect good return D. all of the three
103	If elasticity of supply is one, supply curve will be	A. horizontal B. vertical C. passing through origin D. touching x-axis
104	Long run cost curves can be termed as.	A. V-shaped B. U-shaped C. Oval-shaped D. Dish-shaped
105	Buyers and sellers under perfect competition are.	A. The same in number B. Large in number C. Small in number D. None of the above
106	When total product falls, marginal product is.	A. Zero B. Positive C. Negative D. Falling
107	It is an example of public limited company	A. WAPDA B. President House C. SHELL petroleum D. none of the above
108	Micro economics concentrates	A. on inflation B. international economics relations C. individual economics units D. economics development of Pakistan
109	General price level and real income of the people are correlated with each other	A. Negatively B. Positively C. Normally D. Sub normally
110	Variable are represented by symbol	A. V B. U C. P D. C
111	Economic laws can be define as .	A. A statement of social behaviour B. Laws implement by an executive C. Laws of the state D. Statement of general economic tendencies
112	Which one is the third stage of production under law of variable proportions	A. Decreasing average returns B. Increasing average return C. Negative marginal return D. Increasing marginal return
113	All the following are U-shape except	A. AVC B. AFC C. AC D. MC
114	In the long-run a competitive firms attains only:	A. Normal profit B. Super Normal profit

		C. Sub-Normal profit D. Marginal cost
115	A rise in supply and demand in equal proportion will result in	A. increase in equilibrium price and decrease in equilibrium quantity B. decreases in equilibrium price and increases in equilibrium quantity C. no change in equilibrium price and increases in equilibrium quantity D. increases in equilibrium price and no change in equilibrium quantity
116	Rent is calculated from	A. most superior land B. most inferior land C. marginal land D. uncultivable land
117	Internal economies of scale include	A. risk-bearing economics B. trade mark C. managerial economies D. a and c of above
118	With a fall in price quantity demand changes in such a way that total expenditure of the consumer remain constant, elasticity of demand will be.	A. Equal to unity B. Greater than unity C. Less than unity D. Equal to zero
119	If marginal product of labour rises because of new technology	A. wages will rise B. wages will fall C. wages will be unaffected D. may raise or fall
120	Land as used in economics	A. is a free gift of nature B. is unlimited in quantity C. is not hirable D. excludes oceans
121	Who was the exponent of macro economics in recent times.	A. Adam Smith B. J.M. Keynes C. Marshall D. Maithus
122	The correlation between average wage (AW) and marginal wage (MW) under perfect competition is .	A. $AW = MW$ B. $AW > MW$ C. $AW < MW$ D. None of the three
123	Pollution which is side effect of producing or consuming something and which is not taken into account by producers and sellers is called	A. externality B. wastage C. extra cost D. opportunity cost
124	Sometimes the supply curve of labour bends	A. downward B. upward C. backward D. firstly upward and then downward
125	Quasi rent	A. is permanent B. is temporary C. arises in long run only D. means high rent
126	One of the following is gift of a nature .	A. Land B. Labour C. Capital D. Organization
127	Every factor of production gets reward equal to	A. value of average product B. value of marginal product C. value of total product D. total revenue
128	There are large number of seller and buyers in the market but none is able to influence market price. such a market is called	A. free B. open C. regular D. competitive
129	Specialization of labour has the advantage.	A. increased production B. introduction of new technology C. increases in self-sufficiency D. a and b of above
130	When MP is zero, TP is	A. minimum B. maximum C. rising D. falling
131	_____ is a _____ good.	A. Want for food B. Want to be a doctor

131	.Which one is not an economic want.	<p>B. Want to be a doctor.</p> <p>C. Want to fall in love</p> <p>D. Non of the above</p>
132	In May 2012, firm was supplying 1000 kg of sugar at market price of Rs. 60/- per kg. During June 2012, firm's supply of sugar had decreased to 900 kg at price Rs. 40/- per kg. These changes show that supply of sugar is	<p>A. Perfectly elastic</p> <p>B. Perfectly inelastic</p> <p>C. Less elastic</p> <p>D. More elastic</p>
133	One of the following will not be an assumption of the law of diminishing marginal utility.	<p>A. Nature of the product should not changed</p> <p>B. Mental condition of the consumer</p> <p>C. Income of the consumer should not changed</p> <p>D. None of the three</p>
134	Which one of the following pairs represent complementary demand for a product.	<p>A. Tea & coffe</p> <p>B. Butter & Margarine</p> <p>C. Shirt & shoes</p> <p>D. Shirt & trouser</p>
135	This is an assumption of law of demand	<p>A. price of the commodity does not change</p> <p>B. quantity should not change</p> <p>C. supply should not change</p> <p>D. income of consumer should not change</p>
136	Law of substitution is another name for	<p>A. law of diminishing MU</p> <p>B. law of equi-MU</p> <p>C. law of demand</p> <p>D. law of satisfaction</p>
137	Variable cost of production are also called.	<p>A. Fixed cost</p> <p>B. Supplementary cost</p> <p>C. Total variable cost</p> <p>D. Prime cost</p>
138	Quasi rent can be obtained if:	<p>A. Supply of factor other than land, is temporarily fixed</p> <p>B. There is difference in the fertility of land</p> <p>C. The government legislate on it</p> <p>D. Trade unions protest for it</p>
139	The concept of differential rent is given by.	<p>A. Marshall</p> <p>B. David Ricardo</p> <p>C. Hobson</p> <p>D. Robbins</p>
140	According to Alfred Marshall, Economics should be taken as:	<p>A. Positive economics</p> <p>B. Normative economics</p> <p>C. Welfare economics</p> <p>D. Applied economics</p>
141	One of the cause of low wage rate in Pakistan is:	<p>A. Population explosion</p> <p>B. Labour policy</p> <p>C. Lack of monility of labour</p> <p>D. Lack of natural resources</p>
142	The government constructed a new water reservoir for the purpose of irrigation; this might be taken as	<p>A. increase in supply of capital</p> <p>B. increase in supply of land</p> <p>C. increase in supply of land and supply of capital</p> <p>D. increase in natural resources</p>
143	If the rate of inflation goes up, the real wags of labourers will :	<p>A. Increase</p> <p>B. Decrease</p> <p>C. Remain the same</p> <p>D. Noe of the three</p>
144	Long run average cost curve is :	<p>A. U shaped</p> <p>B. L shaped</p> <p>C. Dish shaped</p> <p>D. None of the three</p>
145	Professor Knight is famous for his theory of	<p>A. rent</p> <p>B. profit</p> <p>C. population</p> <p>D. wages</p>
146	Marginal revenue of a monopolist is	<p>A. equal to price</p> <p>B. greater than price</p> <p>C. less than price</p> <p>D. increases with output</p>
147	One of the following will not be the income of a person.	<p>A. Wages</p> <p>B. Profit</p> <p>C. Sccholarship</p> <p>D. Salary</p>

		D. Salary
148	All the products which are priced in the market are.	A. Non economic products B. Economic products C. Private products D. Public products
149	According to Prof. Knight risks are of kinds	A. 2 B. 3 C. 4 D. many
150	Choose the correct condition of equilibrium of firm	A. MC = MR B. MC curve cuts MR curve from below C. Both a and b D. MC + MR - AR
151	Average cost and marginal cost curves in the short-run are:	A. Quadratic function B. Linear function C. Cubic function D. Log function
152	These are kinds of capital EXCEPT	A. fixed capital B. expensive capital C. working capital D. real capital
153	Economics is a science which studies.	A. Distribution of income B. Optimum use of scarce resources. C. Production of wealth only D. Exchange of wealth only
154	The following is <i>NOT</i> a factor of production	A. labour B. entrepreneurship C. land D. money
155	Every country should have population	A. minimum B. constant C. optimum D. fast growing
156	Scarcity of goods means	A. non availability of goods B. high price of goods C. People don't want to get such goods D. the good is available but it is not free
157	Normal profit is	A. part of total cost B. part of economic profit C. part of fixed cost D. total revenue minus total cost
158	Which of the following is a producer good	A. pen B. cycle C. mobile phone D. hammer
159	$y = 20 - 5x$ this function is.	A. Increasing function B. Decreasing function C. Constant function D. Exponential function
160	According to Keynes interest is a payment for	A. consumer's preference B. producer's preference C. liquidity preference D. state bank's preference
161	A bridge will be a	A. Private good B. Capital goods C. Consumer good D. Personal good
162	Different kinds of imperfect competition are.	A. Monopoly B. Monopolistic competition C. Oligopoly D. All the three
163	The supply of labour is based on the trade off between leisure and	A. wealth B. work C. wages D. price of product
164	A monopoly firm is in equilibrium when	A. MC intersects AC B. MC intersect MR C. AC intersects AR D. TC intersects TR

165	How many kinds of equations?	A. 4 B. 3 C. 2 D. 5
166	When a firm using a fixed amount of land and capital takes on more workers, it finds that marginal product(MP) of labour falls but the average product(AP) of labour rises. This can be explained by the factors that	A. MP of labour is grater than AP of labour B. additional workers are more efficient C. MP and AP are equal D. AP is maximum
167	In economic capital refers to	A. money B. high quality goods C. trade mark D. machinery and factories
168	The maintain social status in life, a person requires.	A. Bare necessities of life B. Comforts of life C. Luxuries of life D. All of them
169	In Pakistan rate of labour participation is	A. 13% B. 23% C. 33% D. 43%
170	The cost which a firm incurs for purchasing or hiring factors is called	A. implicit B. explicit C. real D. basic
171	How many types of organization	A. 5 B. 6 C. 7 D. 8
172	The concept of quasi rent was given by.	A. Ricardo B. Adam smith C. Alfred Marshall D. Robbins
173	With a fall in the price of a Giffen good or inferior good its quantity demand will.	A. Fall B. Rise C. Remain unchanged D. None of three
174	A monopoly generally	A. allocates resources in a socially optimal way B. encourages greater income equality C. encourages greater efficiency D. produces less quantity than the quantity which minimies average cost
175	Price determined in case of a perishable good will be.	A. Normal price B. Market price C. Short run price D. Long run price
176	The law of demand will not be apply in case of	A. Inferior goods B. Superior goods C. Normal goods D. Non of them
177	Different prices are charged from different customers of the same product. This is called.	A. Short run price B. Price instability C. Price discrimination D. Long run price
178	When demand is perfectly inelastic, an increase in price will result in	A. decrease in total revenue B. increase in total revenue C. no change in total revenue D. decrease in quantity demanded
179	The concept of internal and external economics was given by.	A. Adam Smith B. Robbins C. J.M.Keynes D. Alfred Marshall
180	One of the following NOT a assumption of the marginal productivity theory	A. units of factor are homogeneous B. mobility of factor C. low price of factor D. perfect competition
181	If a person consumes goods X and Y maximises total utility then MU per rupee from the two	A. equal B. unequal

181	If a person consumes goods X and Y, maximises total utility, then the per rupee from the goods must be	B. unequal C. increasing D. decreasing
182	All labour is	A. homogeneous B. heterogeneous C. lazy D. intelligent
183	In economics, assumptions	A. make economics theory useless B. mean other things equal C. enable economics to simplify reality D. used in micro and not in macroeconomics
184	A consumer in equilibrium when marginal utilities are	A. minimum B. highest C. equal D. increasing
185	MU curve	A. rises left to right B. is always vertical C. falls left to right D. is always horizontal
186	Income elasticity of demand for normal good is always	A. 1 B. more than one C. negative D. positive
187	profit is a maximum when	A. TC and TR curves are parallel B. MC and MR curves are parallel C. AC and AR curves are parallel D. TFC and TVC are parallel
188	Market is an area where :	A. Products are sold B. Buyers and sellers come in contact with each other C. Price fluctuates D. Price remain constant
189	How many types of markets according to time	A. 3 B. 4 C. 5 D. 6
190	The elasticity of demand for a product is less than unity. Therefore, with a fall in its price, total expenditure of consumer will.	A. Fall B. Rise C. Remain the same D. Fluctuate
191	In law of diminishing returns at least one factor	A. must be constant B. must be owned by the firm C. must be purchasable D. must be efficient
192	Change in total cost on the production of one additional unit of output is calculated as .	A. Marginal cost B. Average cost C. Total cost D. Marginal product
193	When a supply of a commodity increases without change in price it is called	A. fall in supply B. expansion in supply C. contraction in supply in D. rise in supply
194	Demand and supply forces determine market price	A. only in perfect competition B. only in monopoly market C. in both markets D. none of the above
195	Which type of problems are brought under discussion in micro economics .	A. Consumer's behaviour B. International trade C. Balance of payment D. Public finance
196	An increases in demand would cause supply curve to	A. shift to the left B. shift to the right C. change in slope of supply curve D. no effect on supply
197	Which of the following is correct with respect to resources	A. Money is a capital good B. Human skills are a labour input C. Entrepreneur is part of the labour input D. Natural resources include human input
		A. temporary and permanent

198	Economics of scale are of two kinds	<p>A. internal and external</p> <p>B. internal and external</p> <p>C. managerial and industrial</p> <p>D. natural and artificial</p>
199	Habib Bank limited means that.	<p>A. Its capital is limited</p> <p>B. Its shareholders are limited</p> <p>C. The liability of each shareholders is limited</p> <p>D. Non of the three</p>
200	Geographical mobility is not possible for	<p>A. land</p> <p>B. labour</p> <p>C. capital</p> <p>D. wealth</p>
201	The demand of a commodity having many substitutes is	<p>A. more elastic</p> <p>B. less elastic</p> <p>C. zero elastic</p> <p>D. infinite elastic</p>
202	According to law of equi-marginal utility a consumer will maximises his total utility when	<p>A. He spends all his income on the product only</p> <p>B. He spends more on one and less on the other</p> <p>C. Marginal utility of the two goods are equalised</p> <p>D. Not only the marginals utility of the two goods are equalised, but also the marginal utility of each good is equal to its price.</p>
203	This is not a function of the entrepreneur	<p>A. supervise</p> <p>B. innovate</p> <p>C. lend money</p> <p>D. prepare plan</p>
204	When total product (TP) reaches its maximum, Marginal product (MP) is_	<p>A. Zero</p> <p>B. Positive</p> <p>C. Negative</p> <p>D. Rising</p>
205	In monopoly and perfect competition the cost curves are	<p>A. similar</p> <p>B. different</p> <p>C. opposite</p> <p>D. falling in competition rising in monopoly</p>
206	Which is NOT true	<p>A. perfect monopoly does not exist in real world</p> <p>B. perfect competition does not exist in real world</p> <p>C. every monopoly is evil</p> <p>D. every firm wants to reduce competition</p>
207	Standard of living of workers depends upon their	<p>A. nominal wages</p> <p>B. real wages</p> <p>C. average product</p> <p>D. govt. policy</p>
208	Irrespective of price, Somia always spends Rs. 100 a week on ice cream, we conclude that	<p>A. elasticity of demand is 0</p> <p>B. elasticity of demand is 1</p> <p>C. elasticity of demand is infinite</p> <p>D. law of demand has been violated</p>
209	Prof. Robins wrote a book in 1931 entitled.	<p>A. General Theory of employment. Interest and money.</p> <p>B. An inquiry into the nature and causes of wealth of nations.</p> <p>C. Principle of economics.</p> <p>D. Nature and Significance of economic science.</p>
210	$y = 2^x$ is a.	<p>A. Log function</p> <p>B. Linear equation</p> <p>C. Exponential function</p> <p>D. Increasing function</p>
211	When a competitive firm achieves long run equilibrium then	<p>A. $P = MC$</p> <p>B. $MR = MC$</p> <p>C. $P = ATC$</p> <p>D. all of the above</p>
212	Marginal land	<p>A. is uncultivable land</p> <p>B. gets low rent</p> <p>C. gets no rent</p> <p>D. cannot be sold</p>

213	A firm decides to shut down production temporarily when	A. MC start rising B. AC start rising C. price = AC D. price falls below AVC
214	Land, labour and capital are needed to produce goods. They are collectively called	A. elements of production B. factors of production C. tools of production D. cost of production
215	He cannot be unemployed	A. policeman B. beggar C. milkman D. bank officer
216	Profit is maximum when	A. distance between TR and TC is maximum B. distance between AR and AC is maximum C. distance between MR and MC is maximum D. distance between MR and AR is maximum
217	If a firm increases the ratio of capital to labour, it becomes more	A. labour intensive B. capital intensive C. output intensive D. input intensive
218	A statement of how one variable affects other variable is	A. a quadrant B. a variable C. an assumption D. a functional relationship
219	MRP curve of a factor represents the.	A. Supply curve of the factor B. Demand curve of the factor C. Either demand or supply curve of the factor D. None of the three
220	Economics theory means	A. economic policy B. economic principles C. descriptive economics D. economics facts
221	Which of the following is example of external economies of scale?	A. Discount on purchases of raw materials B. Technical progress leads to development of machines at low price C. Hiring of specialized staff due to increase in scale of production D. A firm starts producing by products
222	Those who invest in joint stock companies are called	A. partners B. shareholders C. members D. associates
223	Equilibrium of consumer is explained by	A. negative utility B. positive utility C. marginal utility D. profit
224	One of the following is not an exception the law of demand.	A. Very high price products B. Very low price products C. Ignorance of consumers D. Non of the above
225	Saqib graduated one month ago. He is still unemployed. His unemployment is	A. structural B. frictional C. seasonal D. personal
226	A firm reaches its shut down point where:	A. $AC > AR$ B. $AC = AR$ C. $AC < AR$ D. $AVC = AR$
227	Who said that "Economics is a science of human welfare"	A. Adam Smith B. Carlyle and Ruskin C. Alfred Marshall D. Malthus
228	When there is big change in quantity supplied resulting from a minor change in its price, its elasticity of supply will be.	A. Equal to unity B. Less than unity C. Equal to zero D. Greater than unity

229	Which one of the following represents fixed cost:	A. Price of raw material B. Wages C. Interests on loan D. Rent of land
230	The basic economic problem to all societies is	A. elimination of scarcity B. what how and for whom to produce C. equal distribution of wealth D. to develop agriculture
231	:It is not possible to separate marginal revenue product of each factor of production:. It was said by:	A. Carver B. Hobson C. Hansen D. Hicks
232	They are included in labour expect	A. college principle B. professors C. office clerk D. students
233	A firm attains sub-normal profit under perfect competition when its:	A. $AR = P$ (Price) B. $AR \neq P$ C. $AC = P$ D. $AC \neq P$
234	Economic goods produced by firms are called	A. productivity B. innovation C. technological progress D. output
235	A public limited company is run by	A. board of governors B. board of managers C. board of advisor's D. board of directors
236	Who was the founder of classical school of thought?	A. Adam Smith B. Marshall C. Keynes D. Maitus
237	Labour input includes	A. inventor B. innovator C. unskilled worker D. all of the above
238	The demand curve slopes downward from left to right because of:	A. Income effect B. Substitution effect C. Entry of new buyers D. All of the above
239	A group of buyers and sellers that exchange a goods or services at a price are called	A. Market B. Commodity C. Place D. None of these
240	Profit is maximum when	A. TC and TR curves are parallel B. MC and MR curves are parallel C. TC and TR curves cross each other D. AC and AR curves cross each other
241	Assumptions of a law are called:	A. Constant B. Parameters C. Variables D. Dependent variable
242	A firm attains equilibrium under monopoly where:	A. $AR = MR$ B. $AC = MC$ C. $MR = MC$ D. $AR = AC$
243	As output increase, one of the following costs will also increase:	A. Marginal cost B. Average cost C. Variable cost D. Fixed cost
244	The demand for a product is inelastic. In order to increase government revenue, the finance minister will :	A. Lower down the tax rate B. Increase the tax rate C. Not change the tax rate D. Double the tax rate
245	How many Kinds of variables?	A. There are many kinds of variables B. There are 2 kinds of variables C. There are 3 kinds of variables D. There are 4 kinds of variables
246	Robbins definition of economics spell out the existence of	A. Economics problem B. Social problem C. Economic problem D. Social and economic problem

		C. Political problem D. Moral problem
247	Debenture holders receive.	A. Interest B. Wages C. Dividend D. Profit
248	The slopes of average and marginal products curves are always zero under:	A. Law of increasing returns B. Law of diminishing returns C. Law of constant returns D. Law of variable proportions
249	Which of the following saying describes diminishing marginal returns in the short run?	A. When the cat is away, the mouse will play B. Too many cooks spoil the broth C. A rolling stone gathers no moss D. A stitch in time saves nine
250	Which of the following input factor takes risk, innovates and coordinates	A. capital B. labour C. productivity D. entrepreneur
251	Short run cost curves are.	A. v-shaped B. Dish-shaped C. U-shaped D. L-shaped
252	Economics laws are:	A. Statements of tendencies in economic behaviour B. Unrealistic to deal with real economic problems. C. Absolute and certain like the laws of physical science D. Used to forecast the growth rate of an economy.
253	The price and sales of sugar both increase. What could be the cause of this?	A. a decrease in the income of the consumers. B. a decrease in the tax on sugar C. An increase in the wages of workers in the sugar industry D. An increase in the price of sugar substitutes
254	Select the correct statement	A. Economics affects politics B. Economics affects history C. Geography affects economics D. all of the above are true
255	Net rent is also called.	A. Different rent B. Quasi rent C. Scarcity rent D. Economic rent
256	TC	A. rises continuously B. falls then rises C. is horizontal to x-axis D. is parallel to y-axis
257	Gov. of Pakistan introduced labour policy for the first time in.	A. 1955 B. 1950 C. 1948 D. 1959
258	In which form the largest percentage of national income is earned	A. interest income B. proprietor's income C. employees' income D. rental income
259	One of the following will not cause a rise and fall on demand.	A. Change in income B. Change in weather C. Discovery of a substitute D. Distribution of income remaining the same
260	Production in economic means	A. factors of production B. doing some job C. output of goods D. profit
261	TVC	A. starts from origin B. not from origin C. is parallel to x-axis D. is parallel to y-axis
		A. union B. organization

262	One or more persons living together and having a common budget is called	B. organisation C. household D. house members
263	To reduce unemployment the govt. may	A. reduce money supply B. reduce mobility of labour C. reduce minimum wages D. increase government spending
264	In economics, one or more persons sharing common consumer budget is called	A. social group B. consumer union C. organisation D. household
265	Land is mobile factor of production.	A. Not mobile B. Mobile by the transfer ownership C. Geographically mobile D. Mobile vertically
266	Joint stock company is managed and run by a	A. Board of Directors B. Shareholders C. Accountant D. None of these
267	Marshall wrote the book	A. Classical economics B. Introduction to economics C. Micro economics theory D. Principles of economics
268	In the second stage of the law of variable of proportions the average product:	A. Rises B. Remains constant C. Falls D. None of the three
269	Markets where firms supply goods and services demanded by households are	A. factor market B. product market C. open markets D. resource markets
270	Marginal land or no rent land is the land which:	A. Covers the cost of productions only B. Determines rent of the superiorlands C. Both a & b D. None of the three
271	Father of the political economy	A. Adam smith B. Malthus C. Marshall D. Samuelson
272	This is a tool in economic studies	A. market B. price C. firm D. functional relation
273	The supply curve of day to day market is.	A. Touching the horizontal axis B. Touching the vertical axis C. Perfectly elastic D. Perfectly inelastic
274	They can expand their business by selling shares in the stock market	A. proprietor of a business B. partners of the business C. joint stock company D. industrial cooperative societies
275	Which of the following factors takes risk, innovates and coordinates	A. capital B. labour C. bank D. entrepreneur
276	The main object of trade unions is to:	A. Strengthen the bargaining position of labour B. Get jobs for the employed persons C. Get recreational facilities D. Get free meals
277	$x = 5y^{-1}$ this is a.	A. Constant function B. Explicit function C. Inverse function D. Decreasing function
278	The sacrifice of an alternative use of resources to produce something is called its	A. real cost B. opportunity cost C. sacrifice cost D. alternative cost
279	Production of goods takes place by	A. A combination of output B. A combination of input

279	Production of wealth takes place by:	C. Labour only D. Capital only
280	Land means nature resources which are available.	A. On the soil B. Above the soil C. Below the soil D. All the above
281	If the supply of land is assumed to be perfectly inelastic which of the following rent will it yield.	A. Scarcity rent B. Differential rent C. Quasi rent D. Scarcity rent
282	The utility of an additional unit of a product is	A. Law of demand B. Law of substitution C. Law of supply D. Law of diminishing marginal utility
283	WAPDA is a	A. public corporation B. public company C. private company D. partnership
284	Which is true	A. capital depreciates B. capital is primary factor of production C. capital is not hireable D. human capital is real capital
285	Commercial economics are a part of:	A. Internal economics B. External economics C. Economies of scale D. None of the three
286	Marginal revenue represented by symbol	A. MR B. MC C. AR D. None of these
287	$3x^2=0$ is an equation	A. linear B. quadratic C. general D. first degree
288	Limited liability is one of the advantages of	A. partnership B. sole proprietor C. joint stock company D. cooperative society
289	Lowest point on the average cost curve in the long-run represents;	A. Optimum factors combination B. Maximum level of output C. Maximum level of total revenue D. None of the three
290	The value of a product depends upon.	A. The number of dollars B. The numbers of dollars which can be given in exchange for it C. The current exchange rate. D. None of them
291	The transformation of resources into economic goods and services is called	A. technical efficiency B. input C. production D. increasing returns
292	If equilibrium price rises but equilibrium quantity remains unchanged, the cause is	A. supply and demand both increase equally B. supply and demand both decrease equally C. supply decreases and demand increases D. supply increases and demand decreases
293	Labour is hireable but you cannot hire	A. capital B. land C. manager D. entrepreneur
294	Mobility of labour	A. increases efficiency of labour B. decreases wages of labour C. increases division of labour D. a and c of above
295	A public corporation comes into existence by means	A. registration under the Companies Act B. Act of parliament C. decision by the shareholders D. registration with the Stock

		Exchange
296	Excise tax is a part of	A. fixed cost B. variable cost C. implicit cost D. in not a part of cost
297	Market equilibrium means	A. number of buyers and sellers are equal B. demand and supply of commodity are equal C. no price is changing D. prices rise very slowly
298	A labourer resigns from service to start his own business. what type of mobility will it be.	A. Vertical mobility B. Occupational mobility C. Horizontal mobility D. Social mobility
299	Normal profit is called normal because	A. it is neither very high nor very low B. it is minimum acceptable to the producer C. it is minimum which buyer wants to pay D. it is maximum allowed by govt.
300	Only those goods are priced in the market which have:	A. Utility B. Sacrcity C. Transferability D. All of the above
301	Ten rupees is the equilibrium price for good Z. If govt. fixes price at Rs. 5, there is	A. a shortage B. a surplus C. excess supply D. loss
302	Under monopoly:	A. $AR = MR$ B. $AR > MR$ C. $AR < MR$ D. $AR = MR$
303	A contour line which slopes downward from left to right and yield equal level of satisfaction to consumer with the given income is.	A. Negatively slop curve B. An indifference curve C. Positively sloped Curve D. None of the above
304	When the price of a product increase by 100 percent and as a consequence, its quantity supplied increase by 125 percent, Its elasticity of supply will be.	A. Less than unity B. Greater than unity C. Equal to unity D. Equal to zero
305	In the business world	A. a firm working under perfect competition wants to become a monopoly B. a firm working under monopoly wants to become a competitive firm C. monopoly price is always higher than competitive price D. competitive price is always higher than monopoly price
306	Which one is not determinant of demand	A. tastes B. income C. method of production D. price
307	Who present the Arc Elasticity formula for the measurement of elasticity of demand.	A. R.G.D Allen B. Pareto C. J.R. Hicks D. Robbins
308	One of the following is an example of monopoly.	A. Motorways B. Pakistan railways C. PIA D. None of these
309	Which of the following is <i>NOT</i> capital as economists use the term	A. an office building B. machinery in a factory C. an industrial robot D. money
310	According to Keynes interest is a payment for	A. use of durable goods B. use of capital C. use of money D. use of land
311	A change in price brings in quantity supplied. it will be.	A. Rise in supply B. Contraction of supply C. Fall in supply

D. Extension of supply

312	Scope of economics is defined as:	A. Individual and aggregate economic behaviour of the people. B. Subject matter of economics. C. Welfare Economics. D. All of the above
313	The total quantity of a commodity available in or near the market which can be brought for sale at a short notice	A. Stock B. Supply C. Demand D. None of these
314	Demands and supply curves cross at	A. always at 60 degree B. at 90 degree C. at equal angle D. at any angle
315	Law of demand shows relation between	A. income and price of commodity B. price and quantity of a commodity C. income and quantity demanded D. quantity demanded and quantity supplied
316	Fixing of minimum wage	A. raises demand for labour B. raises profits C. causes unemployment D. is welcomed by employers
317	When marginal is negative, it must be true that	A. the average is negative B. the average is decreasing C. the total is negative D. the total is decreasing
318	If a farmer moves from village to a town and establishes a small factory, it is a kind of mobility	A. geographical B. occupational C. social D. all of the above
319	Labour intensive technique of production means.	A. More labour and less capital B. Less labour and more capital C. More labour and no land D. More land and no labour
320	Estimate of Pakistan's population for 2013 is	A. 185 million B. 285 million C. 385 million D. 485 million
321	One of the following will not be capital.	A. Machinery B. Means of communication C. Water falls D. Means of transportation
322	He described economics as a science of material welfare	A. Robbins B. Marshall C. Ricardo D. Keynes
323	If price changes by one % and supply changes by 2% then supply is	A. elastic B. inelastic C. indeterminate D. static
324	Marginal product indicates rate of change of	A. total product B. average product C. variable product D. all of the above
325	For production of goods we need factors	A. few B. 2 C. 4 D. unlimited
326	Which of the following is one of the assumptions of perfect competition.	A. few buyers and few sellers B. many buyers and few sellers C. many buyers and many sellers D. all sellers and buyers are honest
327	If demand is inelastic, a change in the price	A. will change the quantity in same direction B. will change total revenue in same direction C. will change total revenue in the opposite direction D. will not change quantity A. Quantity supplied falls at the same price.

328	In case of a fall in supply.	<p>B. Quantity supplied rises at the same price. C. Quantity supplied remain at the lower price. D. None of the three</p>
329	A mechanism, or arrangement, which brings together buyers together buyers and sellers of particular goods or services are called	<p>A. Market B. Revenue curve C. Contact D. None of these</p>
330	A producers has one thousand tons of rice to be offered for sale at a certain price in future, it will be called.	<p>A. Supply of output B. Production C. Buffer stock D. Stock</p>
331	According to Malthus, population increase by	<p>A. arithmetic progression B. geometric progression C. systematic progression D. automatic progression</p>
332	Which is a condition for existence of monopoly	<p>A. big size B. identical product C. absence of government taxes D. no close substitute</p>
333	Market system means	<p>A. Socialism B. Capitalism C. a place where goods are traded D. all of the above</p>
334	If a consumer moves upward along an indifference curve, his total utility	<p>A. falls to zero B. does not change C. increases D. decreases</p>
335	If demand has unit price elasticity, a change in price causes	<p>A. increase in total revenue B. decrease in total revenue C. no change in total revenue D. indeterminate</p>
336	How many various form of partnership	<p>A. 3 B. 4 C. 5 D. 6</p>
337	Quasi rent is a:	<p>A. Short-run phenomenon B. Long-run phenomenon C. Short and long run phenomenon D. None of the three</p>
338	With an increase in cost of production, price of the product rises while supply of the product will.	<p>A. Fall B. Rise C. Remain unchanged D. Non of the three</p>
339	When the supply curve of a product is parallel to the vertical axis, it would mean that;	<p>A. Different quantities of a product are supplied at the same price. B. Different quantities of a product are supplied at different price. C. Same quantities of a product are supplied at different price. D. None of three</p>
340	Which one will determine scale of production .	<p>A. Financial resources B. Production techniques C. Extant of the market D. All the above</p>
341	TC	<p>A. starts from origin B. not from origin C. is parallel to y-axis D. parallel to x- axis</p>
342	The price of a product double due to which its quantity demand falls to one half. The elasticity of demand for product will be:	<p>A. Equal to unity B. Less than unity C. Greater than unity D. Equal to zero</p>
343	A producer will employ workers up to the point where its MRP becomes	<p>A. ARP B. current wage rate C. negative D. equal to profit</p>
344	Under perfect competition, demand for a factor is its	<p>A. MRP curve B. ARP curve C. TRP curve D. TR - TC</p>

345	What best explains a shift in market supply curve to the right?	<p>A. an advertising campaign is successful in promoting the good</p> <p>B. a new technique makes it cheaper to produce the good</p> <p>C. the government introduces a tax on the good</p> <p>D. the price of raw materials increases</p>
346	Normal profit is attained where:	<p>A. $TR = TC$</p> <p>B. $TR > TC$</p> <p>C. $AR > MR$</p> <p>D. $AR < MR$</p>
347	A monopolist is always interested and obtains.	<p>A. Normal profit</p> <p>B. Subnormal profit</p> <p>C. Continues production even at loss</p> <p>D. Super normal profit</p>
348	A schedule of the amount of a good that would be offered for sale at all possible prices, at any one instant of time or during any period of time are called	<p>A. Supply</p> <p>B. Demand</p> <p>C. Stock</p> <p>D. None of these</p>
349	The word "LIMITED" at the end of a firm's name means	<p>A. it produces only commodity</p> <p>B. has limited capital</p> <p>C. cannot have more than 100 members</p> <p>D. shareholders liability to pay debt of firm cannot exceed value of their investment</p>
350	If the government supplies a product at a price less than the equilibrium price, it will create:	<p>A. Shortage</p> <p>B. Surplus</p> <p>C. Non of the two</p> <p>D. Equilibrium quantity</p>
351	Law of diminishing returns applies more in:	<p>A. Industry</p> <p>B. Agriculture</p> <p>C. Mining</p> <p>D. Construction</p>
352	All factors of productions are variable in the:	<p>A. Marked period</p> <p>B. Short period</p> <p>C. long period</p> <p>D. None of the three</p>
353	All materials goods which can satisfy humans wants are called.	<p>A. Non economic goods</p> <p>B. Economic goods</p> <p>C. Capital goods</p> <p>D. Services</p>
354	Net investment equals Gross investment MINUS	<p>A. fixed capital</p> <p>B. capital depreciation</p> <p>C. capital appreciation</p> <p>D. capital formation</p>
355	Economies of scale	<p>A. occur when increase in input less than proportionate increase in output</p> <p>B. suggest that firm's marginal cost curve lies above its average cost curve</p> <p>C. suggest that the firm's marginal cost curve is declining</p> <p>D. occur when average cost is falling</p>
356	Long period supply curve is	<p>A. relatively flatter</p> <p>B. relatively steeper</p> <p>C. more elastic</p> <p>D. a and c of above</p>
357	Law of decreasing returns generates	<p>A. law of economic growth</p> <p>B. law of increasing costs</p> <p>C. law of variable costs</p> <p>D. law of decreasing costs</p>
358	The capital which loses it from whenever it is used, is	<p>A. Circulating capital</p> <p>B. Fixed capital</p> <p>C. Money capital</p> <p>D. Real capital</p>
359	When total product rises marginal product.	<p>A. Remains the same</p> <p>B. Falls</p> <p>C. Also rises</p> <p>D. None of the three</p>
		<p>A. Other things do not remain constant.</p>

360	The demand of a will expand when:	<p>A. Price of the products changes.</p> <p>B. Value of money falls.</p> <p>C. None of the three</p>
361	One of the following does not represent imperfect competition.	<p>A. Day to day market</p> <p>B. Monopoly</p> <p>C. Duopoly</p> <p>D. Monopolistic Competition</p>
362	If a public limited company issues bonds to increase resources, then it pays	<p>A. fixed premium to bond holders</p> <p>B. fixed interest to bond holders</p> <p>C. fixed tax to bond holders</p> <p>D. fixed profit to bond holders</p>
363	Interest is paid because	<p>A. capital is scarce</p> <p>B. capital is productive</p> <p>C. capital is attractive</p> <p>D. a and b of above</p>
364	If Bali burgers find that their MC of burgers is less than MR they would try to	<p>A. expand business</p> <p>B. reduce business</p> <p>C. continue as before</p> <p>D. close business</p>
365	Market demand curve is a summation of all individual demand curves as	<p>A. Vertical</p> <p>B. horizontal</p> <p>C. mathematical</p> <p>D. local</p>
366	Adam smith was a	<p>A. President of France</p> <p>B. a modern economist</p> <p>C. good sports man</p> <p>D. classical economist</p>
367	The supply price of land is considered to be zero because .	<p>A. Its supply is limited</p> <p>B. Its supply is infinity</p> <p>C. In aggregate sense its cost of production s zero</p> <p>D. Its demand is limited</p>
368	The set of skills and abilities that workers possess for production of goods and serves is	<p>A. motivation</p> <p>B. wealth</p> <p>C. human capital</p> <p>D. natural talent</p>
369	The submit the plan to the Registrar of Joint Stock Companies along with _____ documents	<p>A. Two</p> <p>B. Three</p> <p>C. Four</p> <p>D. Five</p>
370	Equilibrium price of a product is determined by:	<p>A. The gomverment</p> <p>B. An industrialist</p> <p>C. Market competition</p> <p>D. An agriculturist</p>
371	Union leaders are in better position bargain for higher wages if demand for labour is	<p>A. elastic</p> <p>B. inelastic</p> <p>C. very large</p> <p>D. permanent</p>
372	One of the following is fixed capital.	<p>A. Raw material</p> <p>B. Defence saving certificate</p> <p>C. Machinery</p> <p>D. None f the three</p>
373	A competitive firm is in equilibrium in the long-run where:	<p>A. $ME = AR = LMC = P$</p> <p>B. $MR = AR = LMC = LAC$</p> <p>C. $MR \leq AR = LMC \leq LAC$</p> <p>D. None of the three</p>
374	A horizontal demand curve has a price elasticity of	<p>A. zero</p> <p>B. infinity</p> <p>C. 1</p> <p>D. variable</p>
375	It is function of capital	<p>A. provision of machinery</p> <p>B. payment of wages</p> <p>C. establish good relation with employees</p> <p>D. a and b of above</p>
376	Utility and usefulness are	<p>A. equal</p> <p>B. different</p> <p>C. opposite</p> <p>D. unrelated</p>
377	As out put increases, AC curve	<p>A. falls</p> <p>B. rises</p> <p>C. remains constant</p>

		D. all of the above
378	In which year Alfred Marshall wrote a book entitled "Principle of economics"	A. 1850 B. 190 C. 1870 D. 1890
379	Adam Smith wrote a book entitled "An enquiry into the nature and causes of wealth of nation" in.	A. 1784 B. 1792 C. 1776 D. 1796
380	Who was the exponent of welfare economics.	A. Alfred Marshall. B. Adam smith. C. Lionel Robbins D. J.M. Keynes.
381	Which of the following markets comes closest to perfect market	A. wheat market B. cigarette market C. cold drinks market D. stock market
382	Profits	A. are residual payment B. are pre-determined C. are fixed by contract D. are always higher than wages
383	One of the following is not studied in Micro economics.	A. Equilibrium to the firm B. Distribution of rewards to factors of productions C. Banking system D. Market equilibrium
384	Economics laws	A. must be followed B. are hated by people C. show economic behavior of people D. are unscientific
385	Which is true	A. labour produces land B. land produces labour C. labour produces capital D. capital produces labour
386	The borrower has to pay interest because of	A. His poverty B. productivity of capital C. greediness of capitalist D. scarcity of capital
387	Unit cost is another name for	A. MC B. AVC C. ATC D. AFC
388	If we plot the equation $y = 20 + 3x$, its slope is	A. 20 B. 3 C. 20/3 D. Indeterminate
389	Economic wants.	A. Can unlimited B. Capital goods C. Social goods D. Public goods
390	The following are causes of shift in demand EXCEPT the one	A. change in income B. change in price C. change in fashion D. change in prices of substitutes
391	Diminishing marginal utility is the basis of	A. law of supply B. law of demand C. laws of returns D. none of the above
392	Given the demand curve, a rise in supply will.	A. Increase quantity supplied B. Price will fall C. Price will rise D. Both (a) and (b)
393	Extent of market mainly depends upon.	A. Availability of means of transport and communication B. Nature of supply C. Government restriction D. Perishable goods
394	We establish _____ conditions for equilibrium	A. 2 B. 3 C. 4 D. 5

395	The supply of perishable goods is.	A. Elastic B. Inelastic C. Perfectly elastic D. None of the above
396	A firm earns economic profit when total profit exceeds	A. normal profit B. implicit costs C. explicit costs D. variable costs
397	Total profit = ?	A. Per unit profit x output B. Per unit profit x input C. Per unit profit + output D. per unit profit - input
398	When MU is positive, TU	A. increases B. decreases C. remains constant D. is maximum
399	The necessary condition for equilibrium position of a firm is	A. $MR > MC$ B. $MC > \text{price}$ C. $MC = MR$ D. $MC = AC$
400	If equilibrium price rises but equilibrium quantity is unchanged, the cause is	A. supply and demand both increase equally B. supply and demand decrease equally C. supply curve is vertical and demand increases D. supply increases and demand is same
401	The transformation of resources into economic goods and services is	A. input B. production C. entrepreneur D. market
402	Wealth of Nations was written in	A. 1976 B. 1876 C. 1776 D. 1676
403	At the point of equilibrium of firm under perfect competition	A. MC curve must be rising B. MC curve must be falling C. MR curve must be rising D. MR curve must be falling
404	Loinel Robbins wrote a book entitled "Nature and Significance of economic science" in.	A. 1776 B. 1998 C. 1931 D. 1936
405	The number of goods and services which one unit of a product can command in exchange for it is its.	A. Value of money B. Value in exchange C. Price D. Utility
406	The elasticity f demand in case of substitute is called.	A. Income elasticity of demand B. Priceelasticity of demand C. Crosselasticity of demand D. None of the three
407	A monopoly market can be controlled by.	A. Fixing of the price by the government B. Administrative measures C. Introduction of substitutes D. Nationalisation
408	Which of the following is NOT an input	A. labour B. entrepreneurship C. natural resources D. production
409	The product which have close substitute their demand is always.	A. More elastic B. Perfectly elastic C. Perfectly inelastic D. Less elastic
410	Who introduced the concept of Quasi rent.	A. Hicks B. Alfred Marshall C. Hobson D. Robbins
411	Profit = ?	A. $TR - TC$ B. $TR - MC$ C. $TC - MC$ D. $TR + TC$

412	All non materials products which can satisfy human wants are called.	A. Economic goods B. Services C. Non-economics goods D. Services
413	Market equilibrium means a situation where	A. $Q_s = Q_d$ B. $Q_s = Q_p$ C. $Q_d = Q_p$ D. $Q_q = Q_p$
414	Which one is increasing function of price	A. demand B. utility C. supply D. consumption
415	Why should employ units of a factor to a point where	A. MP is negative B. MP is equal to price of the factor C. MP is positive D. MP is rising
416	If elasticity of demand is very low it shows that the commodity is	A. a necessity B. a luxury C. has little importance in total budget D. a and c above
417	A factory is an example of	A. capital B. natural resources C. entrepreneurship D. none of the above
418	Gross profit includes	A. monopoly profit B. pure profit C. windfall profit D. all of the above
419	When both demand and supply fall in equal proportions, price of the product will .	A. Fall B. Rise C. Remain the same D. None of the above
420	The major difference between perfect competition and monopolistic competition is	A. unity of firms B. differentiated product C. rate of profit D. free exit and entry
421	MRP curve of a firm represent demand curve of industry under.	A. Imperfect competition B. Monopoly C. Oligopoly D. Perfect competition
422	One of the following is not land.	A. Sui gas B. Electric power C. Atlantic Ocean D. A river
423	during short period, diminishing returns may follow because	A. quantity of labour is fixed B. quality of labour is fixed C. quantity of capital is fixed D. quantity of any one factor is fixed
424	Underemployment of labour means	A. a worker does not get full time job B. a worker is not happy with present job C. a person does not get job according to his qualification D. a and c of above
425	A fall fall in supply will take place due to a:	A. Business collusion B. Bumper crop C. Fall in custom duty D. Fall in income
426	When the price of a product falls and as a consequence the demand for the product increase. it will be.	A. Rise of demands B. Fall of demand C. Extension of demand D. Contraction on demand
427	Efficiency of labour is not affected by	A. attitude of worker B. attitude of employer C. attitude of wife/husband D. all affect
428	Law of equimarginal utility is also called.	A. Law of substitution B. Law of maximum social benefits C. Law of economy D. Law of maximum satisfaction

429	This is <i>NOT</i> the result of specialization	A. increased production B. improvement in quality of product C. increase in cost of production D. increase in trade
430	Human wants are	A. one thousand B. few C. innumerable D. countable
431	Validity of economics theories can never be proved with 100 percent certainty, because	A. ceteris paribus clause B. limited number of observation is possible C. very large number of economic theories proved false in the past D. b and c
432	Extension of supply will take place as a consequence of:	A. Change in price B. Change in population C. Change in technology D. Change in money supply
433	When TR of a competitive firm is equal to its TC, the firm attains.	A. Normal profit B. Super normal profit C. Sub-normal profit D. Shutdown point
434	In the long-run a firm attains under monopoly;	A. Normal profit B. Super normal profit C. Sub-normal profit D. Any on of the above
435	The method to measure the elasticity of demand by the unitary method was introduced by.	A. Alfred Marshall B. Robbins C. Adam Smith D. Malthus
436	When MU=0, TU is	A. minimum B. maximum C. increasing D. decreasing
437	Scarcity exists	A. in only poor countries B. in a country that uses resources inefficiently C. in all countries of the world D. when society produces unimportant goods
438	Factors of production are recently termed as.	A. Output B. Outly C. Input D. None of them
439	The composite demand for a product is generally:	A. Elastic B. Inelastic C. Equal to unity D. Equal to zero
440	It is most suitable for large scale business	A. proprietorship B. partnership C. corporation D. cooperative society
441	A seller can increase his sales revenue by charging a lower price, if the demand has	A. $e < 1$ B. $e = 1$ C. $e > 1$ D. $e = 0$
442	Supply curve will shift when	A. price falls B. price rises C. demand shifts D. technology changes
443	A positive statement	A. concerns what is B. is always accurate C. deals with values and opinions D. cannot be tested in the real world
444	Rickshaw has replaced tonga as local transport. As a result the tongs-drivers have become unemployed. Such unemployment is called	A. structural B. frictional C. seasonal D. personal
445	Productivity of labour can be increased by	A. raising minimum wages B. reducing profits C. increasing skills of workers D. punishing absentee workers

446	Land means	A. sea B. surface of earth C. natural forests D. all natural resources
447	Everyone should study economics is a	A. positive statement B. normative statement C. true statement D. nonsense
448	In case of perfect competition in the market	A. marginal revenue curve always slopes upward B. marginal revenue curve always slopes downward C. marginal revenue is always equal to average revenue D. marginal revenue is always less than to average revenue
449	Productivity of land can be raised by	A. decreasing farm size B. intensive cultivation C. better marketing D. increasing money supply
450	Standard of living of a country can be raised if it increases	A. labour force B. production C. money supply D. exports
451	One of the following is not assumption of the marginal productivity theory.	A. All factors of production are present substitutes of each other. B. Law of increasing return applies in the production process. C. There is perfect mobility of factor of production D. Units of each factors of production are identical
452	Which of the following is a demand function?	A. $Q + 4P = 20$ B. $Q = 35 + 3P$ C. $Q - 2P - 15 = 0$ D. $5P - Q = 4$
453	A _____ is something which is measurable and can take on different values	A. Variable B. Constant C. Both a and b D. None of these
454	Who criticized economics as "dismal Science".	A. Alfred Marshall B. Lionel Robbins C. Carlyle and Ruskin D. J.M. Keynes.
455	The human effort applied to the production of goods is called in economics	A. labour B. skill C. experience D. services
456	A market competition from in which there are very large number of firms producing a homogeneous commodity are called	A. Perfect competition B. Equilibrium of firm C. Under perfect competition D. None of these
457	Social stagnation is a big obstacle to.	A. Mobility of labour B. Division OF labour C. Efficiency o labour D. All the above
458	With decrease in price of bonds, rate of interest	A. decreases B. increases C. does not change D. none of the above
459	Profits arise	A. only in monopoly B. because of uncertainty C. shortage of goods D. like interest
460	Which one can cause a change in demand	A. change in income B. change in supply C. change in tastes D. a and c of above
461	The law of variable proportions was presented by.	A. Jevens B. Rayon C. Hicks D. Valentine

462	How many merits of organization in text book	A. 7 B. 8 C. 9 D. 10
463	One of the following can be registered in a stock exchange.	A. Business under partnership B. Cooperative society C. Join stock company D. Sole proprietorship
464	The concept of perfect competition was introduced by.	A. Adam Smith B. Alfred Marshall C. Keynes D. Malthus
465	Which is NOT a cause of shift in cost curves of a firm	A. excise tax B. prices of inputs C. increase in productivity D. price of product
466	The demand of a good falls when.	A. Its price falls B. Price of the substitute changes C. its price rises D. Its price remain constant
467	Other things equal, if a good has more substitutes, its price elasticity of demand is	A. larger B. smaller C. zero D. unity
468	Utility is most closely related to the term	A. useful B. useless C. necessary D. satisfaction
469	As output increases	A. MC curve firstly falls then rises B. MC firstly rises then falls C. MC continuously rises D. continuously falls
470	Which one of the following is a day to day market.	A. The market of perishable goods B. The market of refrigerators C. The market of stationary D. None of the three
471	Which statement is true?	A. Economics is a physical and normative science B. Economics is a social and natural science C. Economics is physical and positive science D. Economics is a social and normative science
472	Which is NOT a cause of slow capital formation in Pakistan	A. poverty B. illiteracy C. bad governance D. low rate of taxes
473	Long-run supply curve of labour is.	A. Negatively sloped B. Positively sloped C. Parallel to the horizontal axis D. Parallel to vertical axis
474	Which statement is true	A. $ATC + AVC = AFC$ B. $ATC + MC = AFC$ C. $ATC + AFC = AVC$ D. $AFC + AVC = ATC$
475	Law of equi marginal utility provides basis for.	A. Equal distribution of wealth B. Economy in taxation C. Law of diminishing returns D. Law of constant returns
476	Profits arise because an entrepreneur	A. prepares plan B. innovates C. lends money D. a and b of above
477	In case of perfectly elastic demand curve, the demand curve will be parallel to the :	A. Horizontal axis B. Vertical Axis C. None of the above
478	If price is set above equilibrium level, there will be	A. surplus commodity in the market B. shortage of commodity in the market C. supply curve will shift D. demand curve will shift

479	The purchasing power of money alongwith the fringe benefits for a labour will detemine his/her:	A. Nominal wage B. Gross wage C. Real wage D. Net wage
480	The reward of their services cannot be fixed	A. wage earner B. rent receiver C. interest receiver D. profit earner
481	All inputs can be varied in	A. short run B. long run C. both periods D. non of the period
482	Some economists say that profit earner is a kind of	A. rent receiver B. interest receiver C. wage earner D. govt. officer
483	Marginal revenue products (MRP) curve falls when units of labour	A. Remain constant B. Decrease C. Increase D. None of the three
484	Efficiency of land can be promoted by.	A. Means of communication B. Fertility of land C. Climate condition D. Quality of other factors
485	Marginal revenue is always less than price at all level of output in	A. perfect competition B. monopoly C. both a and b D. none of the above
486	When marginal utility of a product is zero its total utility will be.	A. Increase B. Decreasing C. Maximum D. Constant
487	Demand is a function of	A. price B. quantity C. supply D. none
488	Food, Shelter and clothing are:	A. Necessities B. Comfort C. Luxuries. D. None of three
489	Compare with monopoly price, the competitive price ids always:	A. Less than monopoly price B. More than monopoly pruce C. Equal to monopoly price D. Non of the three
490	MC is given by slope of	A. TFC B. TC C. ATC D. AVC
491	Marginal revenue is always less than price at all levels of output in	A. perfect competition B. monopoly C. both A and B D. none of the above
492	Wants are unlimited for:	A. Poor person B. Rich person C. All persons D. None of them
493	Reward of which factor of production is not pre-determined?	A. labour B. land C. capital D. organisation
494	If the price of a product rises, quantity demand if its substitute will.	A. Fall B. Rise C. Remain unchanged D. Fluctuate
495	Increasing the minimum wage for workers will	A. solve the unemployment problem B. result in scarcity of workers C. cause substitution of capital for labour D. decreases the MP of those workers
		A. Firm

496	An economic unit, which is independent to take decisions regarding the production and sale of goods are called	B. Organization C. Both a and b D. None of these
497	An example of money capital is	A. cash B. money in a savings account C. prize bond D. golden ring
498	According to law of diminishing marginal utilities , a consumer maximises his total utility where.	A. $MU_{a} = MP_{a}$ B. $MU_{a} = AU_{a}$ C. $MU_{a} = TC_{a}$ D. $MU_{a} = P_{a}$
499	Market Price of Perishable	A. Commodities B. Utility C. Consumer D. None of these
500	Robbins in his definition	A. talks of scarcity of resources B. preached moral values C. supports Adam smith view D. none of the above
501	If supply rises more than demand, price of the product will.	A. Fall B. Rise C. Not change D. Change
502	About labour we can say with certainty that it is	A. Perishable B. Hirable C. Reliable D. all of the above
503	if X and Y scales are the same a line making 45-degree angle with X-axis has slope	A. 1/4 B. 1/2 C. 1 D. constant
504	An example of labour is	A. gambler B. jogger C. computer engineer D. all of the above
505	A firm will be in equilibrium where.	A. Its total profit is high B. Its cost is minimum C. It produces at a level of output which its profit is minimum or loss in minimum D. None of the three
506	In monopoly at various output levels	A. $AR = MR$ B. $AR < MR$ C. $AR > MR$ D. AR and MR curves are parallel
507	Under perfect competition MR and AR curves	A. are the same B. are different C. intersect each other D. are parallel
508	A person who contributes funds in partnership but does not take active part in management of business is called	A. sleeping partner B. helping partner C. temporary partner D. inactive partner
509	All factors of production are substitutable with each other. it is held by:	A. Wicksteed B. Hicks C. Pareto
510	When average product falls marginal product	A. Rises B. Also falls C. Remain equal to average product D. Does not change
511	For an individual farmer, rent paid by him	A. is part of cost and affects price of his product B. does not enter into price of his product C. is unjustified D. cannot be determined
512	Members of a public limited company in Pakistan are.	A. 5 to 50 B. 10 to 100 C. 7 to any number

		<p>C. 1 to any number</p> <p>D. only 5</p>
513	The price of an non-economic good is:	<p>A. Very low</p> <p>B. Very high</p> <p>C. Zero</p> <p>D. Negative</p>
514	During a particular year farmers experienced a dry weather, if all other factors remain constant, farmers supply curve for wheat will shift to	<p>A. rightward</p> <p>B. leftward</p> <p>C. downward</p> <p>D. no direction</p>
515	The products which are not priced in the market are called .	<p>A. Economic goods</p> <p>B. Non-economic goods</p> <p>C. Merit goods</p> <p>D. Social goods</p>
516	Rotten eggs are	<p>A. free good</p> <p>B. economic good</p> <p>C. service</p> <p>D. wealth</p>
517	How many types of markets according to location	<p>A. 4</p> <p>B. 5</p> <p>C. 6</p> <p>D. 7</p>
518	If we know that quantities bought and sold are equal, we can conclude that	<p>A. quantities demanded and supplied are also equal</p> <p>B. the market is in equilibrium</p> <p>C. there will be no tendency for a price change</p> <p>D. all of the above</p>
519	Normally a demand curve will have the shape	<p>A. horizontal</p> <p>B. vertical</p> <p>C. downward sloping</p> <p>D. upward sloping</p>
520	TR increase at a constant rate under:	<p>A. monopoly</p> <p>B. Monopolistic</p> <p>C. Perfect competition</p> <p>D. Oligopoly</p>
521	To the economist, investment refers to	<p>A. sale of real estate</p> <p>B. creation of new capital</p> <p>C. purchase of a prize bond</p> <p>D. decrease in inventories</p>
522	Which laws are implemented with an executive authority .	<p>A. Economic laws</p> <p>B. Moral laws</p> <p>C. State laws</p> <p>D. Physical laws</p>
523	A consumer's spending is restricted because of	<p>A. marginal utility</p> <p>B. budget constraint</p> <p>C. demand curve</p> <p>D. unlimited wants</p>
524	This is the assumption of law of demand	<p>A. price of the commodity should not change</p> <p>B. Quantity demanded should not change</p> <p>C. Price of substitutes should not change</p> <p>D. Demand curve must be linear</p>
525	Which one will be termed as supply of a product.	<p>A. One tone potato in cold storage</p> <p>B. One ton rice offered for sale in market</p> <p>C. One ton rice brought for sale in market at a certain price.</p> <p>D. None of the three</p>
526	Risks in the business arise because of	<p>A. introduction of the new products</p> <p>B. uncertain policy of rival firms</p> <p>C. changes in tastes</p> <p>D. all the above</p>
527	Production of wealth means:	<p>A. Driving a taxi</p> <p>B. Teaching a daughter</p> <p>C. A doctor serving his wife</p> <p>D. All the three</p>
528	Equilibrium	<p>A. is a state that can never be achieved in economics</p> <p>B. is an important idea for predicting economics changes</p>

		C. is a stable condition D. is an unstable condition
529	Law of diminishing marginal utility provides basis for:	A. Law of demand B. Law of supply C. Laws of returns D. Law of variable proportions
530	Which one is the small scale production.	A. Bata shoe factory B. A barber shop C. kohinoor Textile Industries D. Sufi soap
531	The part of wealth, other than natural resources, which can be used for further production of wealth are called	A. Capital B. Revenue C. Fundamentals of economics D. None of these
532	Unemployment due to mechanization of agriculture is	A. seasonal B. structural C. industrial D. personal
533	A joint stock company has	A. limited liability B. unlimited liability C. limited capital D. unlimited capital
534	Other things remaining the same, quantity supplied of a commodity increases with rise in price and decreases with fall in price are called	A. Law of Supply B. Law of Demand C. Law of equilibrium D. None of these
535	In mathematics which letters at the end of alphabet are used to represent variables	A. (u,v,w,x,y,z) B. (a,b,c,d,e,f,g) C. (a,b,c,u,v,w) D. ((x,y,z,a,b,c)
536	A variable is a symbol which, during a discussion, may assume different values or a set of admissible values. This is the definition of	A. Prof. Kooros B. Prof. Marshall C. Prof. Robbins D. Prof. Kneez
537	The theory of optimum population was presented by:	A. Cannon B. Hicks C. Keynes D. Malthus
538	With an increase in wage rate supply of labour.	A. Decrease B. Increase C. Remains constant D. None of the three
539	In market equilibrium, supply is vertical line. The downward sloping demand curve shifts to the right. Then	A. price will fall B. price remains same C. price will rise D. quantity rises
540	Normal price is a price which prevails	A. In day to day market B. In domestic market C. In the long run market D. In a foreign market
541	Which of the following is NOT a characteristic of perfect competition?	A. free entry and exit of the firm B. demand curve of a firm is horizontal C. marginal revenue curve is horizontal D. individual firm can influence the price
542	The extent of market depends upon	A. Means of transport and communication B. Political instability C. Economics instability D. Trade restriction
543	Mr. Suleri bought 50 litters of petrol when his monthly income was Rs. 25000. Now his monthly income has risen to Rs. 50000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is	A. 1 B. 100% C. less than one D. more than one
544	Under perfect competition	A. AC = AVC B. AR = AC C. AR = MC D. AR= MR
545	$\sqrt{x^2} - \sqrt{y^2} = 10$ This function can be termed as	A. Explicit function B. Implicit function C. Both A and B D. None of these

	... to this function can be termed as :	C. Linear function D. Constant function
546	Initial utility of a product is :	A. Highest B. Lowest C. Conatant D. None of them
547	When cross elasticity of demand for A and B is positive number, one can conclude that	A. the goods are cheaper B. the goods are inferior C. the goods are substitutes D. the goods are complements
548	normative economics	A. deals solely with the facts B. is never studied in colleges C. involves opinions and interpretations D. is clearly preferable to positive economics
549	The demand curve is negatively sloped due to	A. Income effect B. Substitution effect C. Price effect D. All the three
550	The method to measure the elasticity of demand is :	A. Percentage method B. Total outlay approach C. Geometric approach D. All the three
551	In production of goods, negative returns in the short run imply that	A. average product is negative B. total product is negative C. marginal product is negative D. marginal cost is falling
552	The wage which is paid in cash is known as.	A. Real wage B. Nominal wage C. Excess wage D. Low wage
553	Scarcity means	A. non availability of goods B. high price of goods C. less supply than demand D. high profit of the firms
554	The quantities of a commodity offered for sale at different prices during a given period of time are called	A. Supply B. Demand C. Stock D. None of these
555	An increases in the price of mutton provides information which	A. tells consumers to buy more mutton B. tells consumers to buy more chicken C. tells producers to produce more mutton D. b and c of above
556	$q = 4 + 2P$ it is a functional equation of.	A. Demand B. Supply C. Equilibrium of demand as supply D. None of the three
557	Perfectly inelastic supply curve is:	A. Parallel to vertical axis B. Parallel to horizontal axis C. Rises upward to the right D. Falls downward to the right
558	The good which are used to produce more goods are.``	A. Social goods B. Capital goods C. Consumer goods D. Public goods
559	Which of the following is capital	A. toy of a child B. plough of the farmer C. calculator of the student D. novel book in the library
560	Indifference curves are convex to the origin because	A. two goods are perfect substitutes B. two goods are imperfect substitutes C. two goods are perfect complementary goods D. goods area jointly demanded
561	When labourers do not get jobs according to their qualification it will be :	A. Unemployment B. Under employment C. Disguised unemployment D. None of the three

562	Since marginal land does not yield rent therefore:	A. Rent is a part of piece B. Rent is not a part of price C. Rent determines price D. None of the three
563	The shape of marginal revenue product (MRP) curve is	A. Inverted U B. Steeper C. Flatter D. Positive
564	Trade Unions in Pakistan are unable to get an increase in wage rates because of :	A. Minimum wage law B. Low labour efficiency C. Capital intensive projects D. Lack of Natural resources
565	The kind of market is undesirable	A. general market B. specialized market C. local market D. monopoly market
566	The law of variable proportions was presented by.	A. David Ricords B. Alfred Marshall C. W.J.L. Ryan D. Pareto
567	Choose the correct establish condition for equilibrium	A. $MR = MC$ B. MC intersects MR curve from below C. $MC + MR$ D. Both a and b
568	Stock exchange is market where we can buy:	A. Shares B. Foreign exchange C. Factors of production D. Consumer goods
569	One of the following is not a part of macro economics.	A. Public finance B. International trade. C. Consumer behaviour. D. National income.
570	The rent which is paid in the short run due to perfectly inelastic supply of a factor is known as.	A. Deffertial rent B. Economic rent C. Quasi rent D. Scarcity rent
571	The market of cars is.	A. International market B. Regional market C. Local market D. Domestic market
572	A firm attains equilibrium under monopoly if:	A. MC curve intersect MR curve from below. $MC = AC = MR$ B. MC curve intersects MR from above C. Any one of the above situations D. $AR = MR$
573	The capital laying in the deposits of commercial bank is called.	A. Domestic capital B. Real capital C. Foreign capital D. Money capital
574	Under marginal productivity theory, reward for labour is determined by	A. owner B. government C. labour D. marginal product
575	Perfect competition is a situation of market, where there are very large number of firms selling the same commodity are called	A. Revenue curve under perfect competition B. Monopoly curve C. Total revenue curve D. None of these
576	Three basic economics problems are	A. what, how and for whom B. why, where and when C. what, which and how much D. what, which and why
577	When MP curve cuts AP curve, the AP is at its.	A. Lowest point B. Highest point C. Neither of the two D. Either of the two
578	Economics problems arise because of	A. greed B. scarcity C. dishonesty D. laziness

579	How many various forms of capital	A. 7 B. 8 C. 9 D. 10
580	When demand is perfectly elastic, an increase in supply will result in	A. decrease in quantity sold B. increase in quantity sold C. fall in price D. b and c above
581	When a competitive firm faces loss the slope of its MR curve is:	A. Negative B. Positive C. Zero D. Unity
582	The difference between iron ore deposits and the steel produced illustrates the difference between	A. labour and natural resources B. labour and capital C. natural resources and capital D. natural resources and entrepreneurship
583	Profits	A. are necessary B. are unnecessary C. can never be negative D. are illegal
584	When the demand of a product rises due to factors except price it will be.	A. Extension of demands B. Rise of demand C. Contraction of demand D. Extension of demand
585	A firm attains sub-normal profit when:	A. $AR = AC$ B. $AR < AC$ C. $AR > AC$ D. $TR < TC$
586	Gross profit does NOT include	A. rent of his own land B. interest of his own capital C. pure profit D. taxes
587	A short period market is the market of.	A. Perishable goods B. Durable goods C. Consumer goods D. Capital goods
588	The maximum point of TP curve is at quantity of labour where	A. Average physical product of labour is equal to 1 B. MPP of labour is at its maximum C. curves of APP and MPP of labour intersect D. MPP of labour is zero
589	According to Ricardo rents are high because prices of produce of land are	A. high B. low C. constant D. none of the above
590	An entrepreneur is a person who performs the dual function of risk-taking and control. This is the definition of	A. Prof. Knight B. Prof. Marshall C. Prof. Robbins D. Prof. Keynes
591	_____ is a science which is concerned with the collection, presentation, and interpretation of numerical data	A. Statistics B. Economics analysis C. Function D. None of these
592	Optimum population is defined by the economists as the level of population at which	A. death rate equals birth rate B. labour productivity is maximized C. country achieves food self sufficiency D. national income per head is maximised
593	He put forward the theory of profit	A. Keynes B. Adam Smith C. Knight D. Anyson
594	Shopkeepers are also producers because in goods, they produce.	A. Form utility B. Time utility C. Use utility D. Place utility
595	Common market of SAARC countries will be called:	A. International market B. National market C. Regional market

		D. None of the three
596	When diseconomies of scale outweigh economies of scale the	A. long run AC curve rises B. marginal cost falls C. long run ATC curve falls D. AVC falls
597	Economic principle are also called	A. economic law B. economic theory C. economic model D. all of the above
598	Members of business partnership in Pakistan are:	A. 2 to 20 B. 5 to 20 C. 2 to 25 D. 2 to 3
599	Wealth of Nations was written by	A. Adam Smith B. Malthus C. Marshall D. Newton
600	The following affect rent EXCEPT	A. better location B. fertility of land C. cleverness of landlords D. scarcity of land
601	The market of refrigerators in general is called:	A. Domestic market B. Local market C. International market D. National market
602	Natural environment that supports production of goods and services is included in	A. labour B. money C. capital D. land
603	The supply of land is fixed whereas its Demand is increase day by day, the rent Produced in this way is:	A. Differential rent B. Scarcity rent C. Quasi rent D. Economic rent
604	The law of increasing returns is also known as:	A. Law of increasing cost B. Law of diminishing cost C. Law of constant cost D. None of the three
605	He prepares the initial plan of the business	A. capitalist B. manager C. entrepreneur D. officer
606	Which one is not doing an economic activity.	A. One who is offering prayers. B. One who works for wage. C. One who rents out his property . D. One who is an employee of Government
607	Productivity of capital depends upon	A. quality of labour B. quality of raw materials C. quality of management D. all of the above
608	A decrease in demand causes the equilibrium price to	A. rise B. fall C. remain constant D. indeterminate
609	The elasticity of demand of durable goods is	A. less than unity B. greater than unity C. equal to unity D. zero
610	Members of a public limited company are elected by.	A. Directors B. Government C. Financial institutions D. Share holders
611	Which one of the following is a functional equation of demand:	A. $Q - 20 + 2P = 0$ B. $Q - 3 - 3P = 0$ C. $Q + -2P = 0$ D. None of the three
612	It describes the law of supply	A. supply curve B. supply schedule C. supply equation D. all the three

A. Positive

613	Cross elasticity of Suzuki and Honda cars will be	A. Positive B. negative C. zero D. infinite
614	Economics laws are	A. exact B. approximate C. brief D. definite
615	When price is fixed below equilibrium level, there will be	A. surplus commodity in the market B. shortage of commodity in the market C. supply curve will shift D. demand curve will shift
616	Which one is the assumption of law of demand?	A. price of the commodity should not change B. quantity demand should not change C. income of the consumer should not change D. none of the above
617	Which statement relates to macroeconomics	A. Oil prices are rising in Pakistan B. Profit rate is high in textile industry C. The firms try to make huge profits D. The government had failed to control inflation
618	If the price of a product increase from Rs. 12 per unit and as a consequence quantity demand of the product falls from 100 units to 50 units . The price elasticity of the product will be.	A. 2.5 B. 0.5 C. 1.5 D. 3.5
619	Goods which can satisfy human wants are.	A. Consumer goods B. Capital goods C. Social goods D. Public goods
620	The law demand will not be valid in case of.	A. Very high price products B. Normal goods C. Price effect D. Income effects
621	With a fixed in the market period, if the demand of a product rises, then:	A. Price will fall B. Price will rise C. Price will remain the same D. None of the three
622	Labour force participation rate is the	A. proportion of population that is working B. proportion of population aged above 20 C. proportion of skilled workers D. proportion of female workers to male workers
623	Minimum wage rate of labour is fixed by :	A. Government B. Trade unions C. Entrepreneurs D. Labourers
624	The demand for a factor is called.	A. Composite demand B. Joint demand C. derived demand D. No demand
625	To promote capital investment in a country, what is essentially required is.	A. Basic infrastructure B. Bank credit C. Law and order D. Stock broker
626	Who introduced indifference curves to explain consumer's behavior	A. J.R Hicks B. Marshall C. Robbins D. Adam Smith
627	Which is NOT an advantage of division of labour	A. workers spend less time moving from job to job B. workers becomes dependent on other workers C. workers become more efficient at performing repeated task D. machinery is more easily introduced to perform simple tasks
628	In factor market, which statement is true	A. wages are determined by MP B. Rent is fixed by landlords C. interest rate is determined by

628	in factor market, which statement is true	<p>C. interest rate is determined by Govt. D. profit is determined by luck</p>
629	The government constructed a new water reservoir for the purpose of irrigation; this might be taken as	<p>A. increase in supply of capital B. increase in supply of land C. increase in supply of land and supply of capital D. none of these</p>
630	How many condition of equilibrium of firm	<p>A. 2 B. 3 C. 4 D. 5</p>
631	Long run is a period	<p>A. three years or longer B. long enough to allow firms to change plant size and capacity C. in which a firm need not get loans D. which affects larger more than smaller firms</p>
632	The shape of rectangular hyperbola is made by	<p>A. MC B. AFC C. AVC D. TFC</p>
633	In short period how many possibilities in which a firm may find itself	<p>A. four B. five C. six D. seven</p>
634	Pakistan population is growing a rate of .	<p>A. 2 % per annum B. 1. 8 % per annum C. 2.9 % per annum D. 2.2 % per annum</p>
635	"The reward for a factor is determined by the marginal revenue product of the factor" . it was said by:	<p>A. J.M. Keynes B. Taussing C. Hansen D. Carver</p>
636	These are kinds of rent EXCEPT	<p>A. differential rent B. scarcity rent C. mobility rent D. location rent</p>
637	The proportion of rural population in Pakistan is:	<p>A. 68% B. 70% C. 72% D. 74%</p>
638	Rice mill is a :	<p>A. Fixed capital B. Floating capital C. Sunk capital D. None of the three</p>
639	Wit rapid economic growth in a country the individual demand curve will:	<p>A. Rise B. Fall C. Extend D. Contract</p>
640	If a change in demand is brought by a change in income, of demand will be.	<p>A. Income elasticity B. Price elasticity C. Cross elasticity D. Arcelasticity</p>
641	The long run average cost curve is tangent to various	<p>A. short run TCs B. short run ACs C. AVCs D. AFCs</p>
642	When the percentage change in quantity demanded is greater than the percentage change in price, elasticity of demand for the product will be.	<p>A. Equal to unity B. Less than unity C. Greater than unity D. Equal to zero</p>
643	Total cost curve in general is a.	<p>A. Linear function B. Quadratic function C. Cubic function D. Long function</p>
644	the term marginal in economics means	<p>A. unimportant B. additional C. the minimum unit D. just barely passing</p>
645	Macro economics deals with	<p>A. how to buy groceries B. aggregate economics activity</p>

		C. establishment of a new firm D. industrial activity
646	One of the following is not an exception to the law of diminishing marginal utility .	A. Money B. Knowledge C. Music D. Non of them
647	Product differentiation is a pre-condition of:	A. Perfect competition B. Imperfect competition C. Monopoly D. Oligopoly
648	Which of the following is capital	A. tractor B. TV station C. tarbela dam D. all of the three
649	Marshall is his definition of economics	A. uses the concept of material welfare B. dislikes wealth C. accuses Adam smith D. Praises Robbins
650	If price elasticity of demand is very low, the commodity is	A. necessity B. luxury C. substitute D. not available
651	Consists of all kinds of wealth, other than free gifts of nature, which yield income are called	A. Capital B. Productivity of capital C. Both a and b D. None of these
652	Long-run price of a durable good is always less than its short run price . it is because.	A. Long -run supply is more elastic than short-run supply curve. B. Long -run supply is less elastic than short-run supply curve. C. Long and short-run supply curves are equally elastic D. None of the three
653	The minimum wage is an example of	A. price floor B. price ceiling C. equilibrium wage D. efficiency of labour
654	A firm should shut down in the short run if it is not covering its	A. variable cost B. fixed cost C. total cost D. explicit cost
655	How many kinds of Function	A. 2 B. 3 C. 4 D. 5
656	Normally MR curve intersects MC curve at points	A. 1 B. 2 C. 3 D. 4
657	A firm maximizes profit of	A. MRP = wage rate B. MRP = ARP C. MRP is rising D. TRP = wages
658	Intensive cultivation means.	A. Extending land for cultivation B. Use of more input at the same land C. More input and more land to be used D. More land and less labour to be used
659	Laws of return apply to firms working in	A. perfect competition B. monopoly C. small firm D. all kinds of market situations
660	The utility of durable consumer goods.	A. Diminishes with the passage of time B. Perishes, if not used C. Can be obtained constantly D. None of the three
661	Price of a product falls by 10% and its demand rises by 30%. The elasticity of demand is	A. 10% B. 30% C. 3 D. 1/3

662

Who is unemployed

- A. housewife
- B. college student
- C. a peer who lives on gifts from mureeds
- D. a freshly graduated engineer who is searching for a job