

NAT II Management Science Economy

Sr	Questions	Answers Choice
1	The shape of AR and MR under perfect competition is:	A. Vertical B. U-shape C. Horizontal to ox-axis D. None of these
2	Welfare economics is the branch of economics which deals with:	A. Positive issues B. Normative issues C. Micro issues D. Macro issues
3	If we compare Gross Domestic Product (GDP) with Gross National Product (GNP) then:	A. $GNP = GDP - \text{Net income from abroad}$ B. $GNP = GDP + \text{Net income from abroad}$ C. $GNP = NNP - \text{Net income from abroad}$ D. $GNP = NNP + \text{Net income from abroad}$
4	What was the production of wheat in million tones during 2005-06?	A. 16.6 B. 21.7 C. 26.2 D. 30.8
5	Which sector contributed to 22 percent to GDP in Pakistan in 2005-06?	A. Services B. Transport C. Mining D. Agriculture
6	The elasticity of demand of durable goods is	A. More than unity B. Equal to unity C. Less than unity D. Zero
7	Canons of taxation describes:	A. Marshall B. Keynes C. Robbins D. Adam Smith
8	The quality of a good which satisfies a human want is called as:	A. Service B. Cost C. Utility D. None
9	A market is said to be in equilibrium when:	A. Demand equals output B. There is downward pressure on price C. The amount consumers wish to buy at the current price equals the amount producers wish to sell at that price D. All buyers are able to find sellers willing to sell to them at the current price
10	The real exchange rate is defined as the:	A. Market exchange rate adjusted for prices B. Market exchange rate adjusted for interest rates C. Market exchange rate D. Exchange rate determined by the government
11	The share of the automobile group in manufacturing group in 2005-06 was:	A. 20.2 percent B. 29.7 percent C. 14.4 percent D. 16.8 percent
12	The price elasticity of demand for any good must be less than or equal to zero unless:	A. The good is a necessity. B. The good is a luxury. C. The good is a Giffen good. D. None of the given options.
13	According to law of diminishing marginal utility, the marginal utility:	A. Increases B. Remains constant C. Decreases D. None of these

		C. Diminishes D. Negative
14	What was the production of cotton in 2005-06?	A. 12.4million bales B. 16.2 millionbales C. 18.8 million bales D. 24.1 million bales
15	Inflation will be useful for:	A. Labourers B. Industrialist C. Consumers D. Pensioners
16	In inflation prices:	A. Increase B. Do not change C. Decrease D. Become zero
17	In 2005-06 the share of chemicals was 9.08 percent and the share of electricals was:	A. 4.6 percent B. 8.2 percent C. 11.78 percent D. 16.3 percent
18	Who is the writer of Wealth of Nation?	A. Marshall B. Adam Smith C. Robbins D. Keynes
19	In 2005-06, the crop area of sugarcane in thousand hectares was:	A. 540 B. 642 C. 756 D. 907
20	If total expenditure decrease with the rise in prices elasticity of demand will be:	A. Equal to unity B. Less than unity C. Greater than unity D. Equal to zero
21	The interest rate parity is the basic identity that relates which of the following?	A. Interest rates and exchange rates B. Interest rates and inflation rate C. Exchange rates and inflation rate D. Discount rate and inflation rate
22	Reward for capital is called:	A. Rent B. Interest C. Wages D. Profit
23	The aggregate supply curve is the relationship between:	A. <div>The price level and the real domestic output purchased</div> B. <div>The price level and the real domestic output produced</div> C. <div>The price level which producers are willing to accept and the price level purchasers are willing to pay.</div> D. <div>The real domestic output purchased and the real domestic output produced.</div>
24	International trade has the benefits:	A. One B. Three C. Two D. Unlimited
25	What was the share of livestock to the GNP during 2005-06?	A. 4.7percent B. 6.5percent C. 3.5percent D. 8.0percent
26	Which group of the following showed a negative growth of -58.6 percent during 2005-06?	A. Chemicals B. Petroleum C. Electricals D. Basic Metals
27	The Kachhi Canal water project shall be completed in:	A. September 2008 B. June 2008 C. April 2009 D. December 2008
28	A tax on the accounting profits of corporations is known as:	A. Sales tax B. Excise tax C. Corporate income tax D. Personal income tax
29	The methods of measuring elasticity of supply are:	A. Three B. Two C. Four D. Five

30	Which of the following economists came up with a theory regarding the tradeoff between unemployment and inflation?	A. A.W. Phillips B. John Maynard Keynes C. Joseph Schumpeter D. Milton Friedman
31	When price falls supply:	A. Expands B. Contracts C. Remains zero D. Becomes fixed
32	When national income is increases:	A. Standard of living increases B. Standard of living decreases C. Remains same D. Bad thing
33	It is a Federal Tax:	A. Excise duty B. Local Tax C. Property Tax D. None
34	The production of gram in 2005-06, in thousand tons was:	A. 450 B. 500 C. 527 D. 750
35	What is the interest rate effect that explains why the aggregate demand curve slopes downward?	A. It refers to the effect of changes in the price level on quantity of investment demanded which in turn affects interest rates B. <div>It refers to the effect of interest rates on borrowing which in turn affects consumption spending. </div> C. It refers to the effect of changes in the price level on interest rates which in turn affects the quantity of investment demanded D. It refers to the shifts in aggregate demand when interest rates change
36	What was the percentage in the production of cotton yarn during July-March 2005-06?	A. 11.1 percent B. 15.2 percent C. 17.6 percent D. 19.2 percent
37	Which of the following large-scale items showed a negative growth of -47.97 percent during July-March 2005-06?	A. Sugar B. Vegetable Ghee C. Billets D. Cement
38	The market structure in which strategic considerations are most important is:	A. Monopolistic competition. B. Oligopoly. C. Pure competition. D. Pure monopoly.
39	Price floor results in:	A. All of the given options B. Excess supply. C. Equilibrium D. Excess demand
40	The other name of law of diminishing return is:	A. Law of supply B. Law of diminishing marginal utility C. Law of demand D. Law of increasing cost
41	Reward the labour is:	A. Interest B. Wages C. Profit D. Rent
42	Personal income includes:	A. Direct taxes B. Indirect taxes C. Undivided profit D. Both 2nd and 3rd
43	Ushr implies on:	A. Agricultural product B. Industrial product C. Agricultural & industrial product D. None of these
44	Who described Economies as a science of wealth:	A. Piguo B. Adam Smith C. Robbins D. Marshall

45	In 2005-06 the real GDP growth of USA was 3.5 percent, of China 9.9 percent, Japan 2.7 percent, India 8.0 percent and of Pakistan was:	B. 1.6 percent C. 4.6 percent D. 5.0 percent
46	As compared to existing firms, a new firm entering in monopolist market has:	A. High costs B. Low costs C. Equal costs D. None of the given options
47	What was the difficulty in the barter System:	A. Excess of goods B. Difference language C. Lack of co-incidence D. Difference in profession
48	Who wrote "The Nature and Significance of Economics":	A. Adam Smith B. Marshall C. Robbins D. Keynes
49	What was the share of the major crops of value added in agriculture in 2005-06?	A. 24.2percent B. 35.2percent C. 39.1percent D. 45percent
50	The quality of a commodity which satisfies the human wants:	A. Usefulness B. Loss C. Utility D. Return
51	A nation's balance of payments can be affected by changes in:	A. Foreign income B. The differential between domestic and foreign interest rates C. The real exchange rate D. All of the given options
52	For a firm buying labor competitively, the marginal input cost is equal to the:	A. Wage B. Interest rate C. Price of output D. Cost of raw materials
53	During 2005-06, the construction sector contributed 9.2 percent to GNP and the share of fishing was:	A. 9.2percent B. 4.4percent C. 1.9percent D. -3.6percent
54	Who criticized Prof. Robbin's definition?	A. Marshall, J.B B. Beveridge C. Clark D. Pigeou
55	The Diamer Bhasha Dam will be completed in :	A. 2009 B. 2010 C. 2012 D. 2015
56	What is deducted from GNP to find GDP:	A. Depreciation allowance B. Net income received from abroad C. Indirect tax D. Transfer payments
57	Phases of trade cycle are:	A. One B. Three C. Two D. Four
58	Income elasticity shows the relationship between:	A. Income and demand B. Income and consumption C. Income and price D. Income and saving
59	For knowing the spending capacity of the household sector, we have to use the concept of:	A. National income B. Personal income C. Private income D. Personal disposable income
60	Rent of building is included in:	A. Fixed cost B. Variable cost C. Marginal cost D. Selling cost
61	If money supply is fixed by the central bank then in interest rate money supply space, money supply curve will be:	A. Horizontal B. Vertical C. Negatively sloped D. Positively sloped
62	Which economist presented the Cardinal Theory of Utility:	A. Marshall B. Canon C. Croose D. J.B. Say

63	The per capita income was \$742 in 2004-05 but in 2005-06, rose to:	A. \$ 795 B. \$ 847 C. \$ 880 D. \$900
64	What was the production of rice in million tons in 2005-06?	A. 4.4 B. 5.5 C. 6.6 D. 7.7
65	Which ASEAN nation had the highest growth rate of 7.5 percent in 2005-06?	A. Indonesia B. Malaysia C. Vietnam D. Thailand
66	In inflation prices:	A. Increase B. Do not change C. Decrease D. Become zero
67	In the short run, the equilibrium price level and the equilibrium level of total output are determined by the intersection of:	A. The aggregate demand, the short-run aggregate supply and the long-run aggregate supply curves B. The short-run aggregate supply and the long-run aggregate supply curves C. The aggregate demand and the short-run aggregate supply curves D. The aggregate demand and the long-run aggregate supply curves
68	In 2005-06, the percentage of total investment to GDP was:	A. 8 percent B. 10percent C. 15percent D. 20percent
69	In 2005-06, bajra was grown on 438 thousand hectares and its production in thousand tons was:	A. 190 B. 221 C. 350 D. 475
70	Which of the following is TRUE for a Giffen good?	A. Its marginal utility is zero B. Its demand curve is perfectly elastic C. Its substitution effect is positive D. Its demand curve is positively sloped
71	Given the amount of gross fixed investment percentage of GDP during 2005-06.	A. 14.2 percent B. 18.4 percent C. 25.0 percent D. 26.6 percent
72	During 2005-06 maize was grown on an area of 982 thousand hectares and its production was:	A. 3.5 million tones B. 4.2 million tones C. 5.2 million tones D. 6.7 million tones
73	What remains after deduction of direct taxes lions the personal income:	A. NNI B. DPI C. NDI D. GNP
74	To find the profit maximizing level of output, a firm finds the output level where:	A. Price equals marginal cost B. Marginal revenue and average total cost C. Price equals marginal revenue D. None of the given options
75	A firm is charging a different price for each unit purchased by a consumer. This is called:	A. First-degree price discrimination B. Second-degree price discrimination C. Third-degree price discrimination D. None of the given options
76	Inflation on prices:	A. Decrease B. Remains constant C. Increase D. Become zero
77	Marginal cost curve always intersects average cost curve at:	A. The maximum point B. The central point C. The minimum point D. The vertical point
78	Who is responsible for profit and loss in the business:	A. Capitalist B. Entrepreneur C. Manager D. Worker

		C. Labour D. Middleman
79	Due to devaluation exports become:	A. Smaller B. Larger C. Cheaper D. Expensive
80	How much amount was allocated for Prime Minister's special initiative for livestock during 2005-06 ?	A. Rs. 672 million B. Rs. 812 million C. Rs. 1,696 million D. Rs. 2,400 million
81	In monopoly, which of the following is NOT true?	A. Products are differentiated B. There is freedom of entry and exit into the industry in the long run C. The firm is a price maker D. There is one main seller
82	Who presented the quantity theory of money:	A. Marshall B. Robbins C. Taussig D. Keynes
83	Name the water project to be completed in April 2009:	A. Gomal Zam Dam B. Raineer Canal C. Kachhi Canal D. Mirani Dam
84	Under the kinked demand curve model, an increase in marginal cost will lead to:	A. An increase in output level and a decrease in price. B. A decrease in output level and an increase in price. C. A decrease in output level and no change in price. D. Neither a change in output level nor a change in price.
85	For a study of the long term growth of the economy, we use:	A. Real GNP B. Nominal GNP C. Personal income D. Disposable personal income
86	A monopolistically competitive firm in the long run equilibrium:	A. Will make negative profit. B. Will make zero profit. C. Will make positive profit D. Any of the given are possible.
87	In 2005-06 which country had the highest growth rate among the following?	A. Egypt B. Singapore C. Kuwait D. Nigeria
88	The long run aggregate supply curve will shift to the right if:	A. The price level increases. B. Factors of production (such as labor and capital) increase C. Expenditures (such as consumption and net exports) increase. D. The prices of inputs used to produce goods and services (such as wages and the price of oil) decreases
89	In the FY 2005-06 the GDP growth rate of Euro area was 1.3 percent, the developing nations 8.6 percent and the world was:	A. 3.5 percent B. 4.8 percent C. 4.5 percent D. 5.5 percent
90	If pen and ink are complements, then an increase in the price of pen will cause:	A. An increase in the price of ink B. Less ink to be demanded at each price C. A decrease in the demand for pen D. A rightward shift in the demand curve for ink
91	"Government collects zero revenue if the tax rate is 0% and if the tax rate is 100%." Which of the following best describes this statement?	A. Consumption curve B. Supply curve C. Laffer curve D. Investment curve
92	The growth rate of Sri-lanka in 2005-06?	A. 4.4 percent B. 5.9 percent C. 1.8 percent D. 7.5 percent
93	What was the number of buffaloes in 2005-06?	A. 12 million B. 28.4 million C. 24 million D. 26 million

		C. 34 million D. 40 million
94	Macro Economics was introduced by	A. Alfred Marshall B. J.M. Keynes C. N.W. Senior D. J.B. Clark
95	The economy gets prosperity during:	A. Recession B. Boom C. Depression D. Recovery
96	Real GDP is equal to:	A. Nominal GDP - Inflation B. Nominal GDP + Inflation C. Nominal GDP / Inflation D. Inflation / Nominal GDP
97	What was the growth recorded by the manufacturing sector during 2005-06?	A. 4.2 percent B. 5.5percent C. 7.3percent D. 8.6percent
98	What was the contribution of the services sector to the GNP in FY 2005-06.	A. 9.2 percent B. 3.5 percent C. 8.8 percent D. 4.7 percent
99	According to law of increasing return, marginal product:	A. Increases B. Decreases C. Remains constant D. None of these
100	The price elasticity of demand measures the responsiveness of quantity demanded to:	A. Quantity demanded B. Quantity supplied C. Price D. Output
101	The elasticity of demand of durable goods is:	A. Zero B. More than unity C. Less than unity D. Equal to unity
102	Consumer goods are those goods which are used by a man:	A. Directly B. Off and On C. Indirectly D. Never
103	The GDP growth rate of agriculture sector in 2005-06 was:	A. 2.5 percent B. 4.3 percent C. 1.6 percent D. 9.3 percent
104	In 2005-06 the growth rate of Saudi Arabia was 6.5 percent, Kuwait 8.5 percent and Bangladesh 5.8 percent. What was the growth rate of Iran?	A. 4.2 percent B. 3.1 percent C. 6.7 percent D. 5.9 percent
105	The total cost (TC) function is given as: $TC = 200 + 5Q$. What is the fixed cost?	A. 5Q B. 5 C. $5 + (200/Q)$ D. 200
106	A good for which income and quantity demanded are inversely related is known as:	A. Inferior good B. Complementary good C. Normal good D. None of the given options
107	Mairani Dam is being built in Balochistan Gomal Zam Dam in NWFP and Diamer Bhasha Dam in the region of:	A. Punjab B. Northern Areas C. NWFP D. Sindh
108	Which Economists presented the law of diminishing marginal utility:	A. Robbins B. Malthus C. Adam Smith D. Marshall
109	An increase in supply is shown by:	A. Shifting the supply curve to the left B. Shifting the supply curve to the right C. Upward movement along the supply curve D. Downward movement along the supply curve
110	During a year aggregate value of produced goods and services of a country is called:	A. Per-capita income B. Net national income C. Personal income D. Gross national product

D. Gross national product

111	As more of a good is consumed, then total utility typically:	<p>A. Increases at a decreasing rate.</p> <p>B. <div>Decreases as long as marginal utility is negative</div></p> <p>C. <div>Decreases as long as marginal utility is positive</div></p> <p>D. <div>Is negative as long as marginal utility is decreasing.</div></p>
112	Average revenue is equal to:	<p>A. Price</p> <p>B. Total revenue</p> <p>C. Marginal revenue</p> <p>D. Average cost</p>
113	The supply of land is:	<p>A. Infinity</p> <p>B. Fixed</p> <p>C. Variable</p> <p>D. Zero</p>
114	Give the production of sugarcane in Pakistan in 2005-06?	<p>A. 22 millions tons</p> <p>B. 33 million tons</p> <p>C. 44 million tons</p> <p>D. 55 million tons</p>
115	Which of the following event will lead towards cost-push inflation and therefore stagflation?	<p>A. An increase in taxes on individuals</p> <p>B. A decrease in real interest rates</p> <p>C. A union settlement that increases wage levels</p> <p>D. An increase in government purchases</p>
116	How many methods can be used for cultivation:	<p>A. One</p> <p>B. Two</p> <p>C. Three</p> <p>D. Four</p>
117	Which of the following will be TRUE if real income rose and the interest rate fell following an increase in government purchases?	<p>A. IS curve must be vertical</p> <p>B. LM curve must be vertical</p> <p>C. Central Bank must have increased the money supply at the same time</p> <p>D. Central Bank must have decreased the money supply at the same time</p>
118	In February 2006, the Avian Influenza was reported by poultry farm in:	<p>A. Hyderabad</p> <p>B. Karachi</p> <p>C. Multan</p> <p>D. Charsadda</p>
119	The share of agriculture in the national economy in 2005-06, was:	<p>A. 21.6percent</p> <p>B. 16.2percent</p> <p>C. 12.8percent</p> <p>D. 13.4percent</p>
120	The economy gets maximum prosperity during:	<p>A. Recession</p> <p>B. Recovery</p> <p>C. Boom</p> <p>D. Depression</p>
121	Which of the following is true about supply curve under monopoly?	<p>A. It is same as the competitive market supply curve</p> <p>B. It is the portion of marginal cost curve where marginal costs exceed the minimum value of average variable costs</p> <p>C. It is the result of market power and production costs</p> <p>D. None of the given statements is true</p>
122	Double counting in national income refers to:	<p>A. Counting a product more than once</p> <p>B. Counting a product at the final stage of output process</p> <p>C. Counting both as product and as factor payment</p> <p>D. Counting both as real goods and as money flow</p>
123	The supply of perishable goods is:	<p>A. Fixed</p> <p>B. Variable</p> <p>C. Minor change</p> <p>D. Zero</p>
124	National income does not include:	<p>A. Profit</p> <p>B. Wages</p> <p>C. Interest</p> <p>D. Transfer payments</p>

125	In 2005-06, the crop area of cotton was 3,096 thousand hectares and the crop area of rice was:	A. 2,620 B. 982 C. 8,303 D. 4,702
126	In 2005-06 total production of fish inland and marine in Pakistan was:	A. 5,81,000 tons B. 6,72,000 tons C. 7,44,000 tons D. 8,33,000 tons
127	A monopolistically competitive firm in short run equilibrium:	A. <div>Will make negative profit (lose money).</div> B. Will make zero profit (break-even) C. Will make positive profit D. Any of the given are possible.
128	Give the share of commodity producing the sector in the GNP in 2005-06?	A. 2.5 percent B. 4.3percent C. 3.8percent D. 7.2percent