PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	All currencies other than the domestic currency of a given country are referred to as.	A. Reserve currencies B. Neal monies C. Foreign exchange D. Hard currency
2	An increase income will	A. Lead to a movement along the demand curve B. Shift the supply curve C. Shift the demand curve D. Lead to an extension of demand
3	The accelerator assumes.	A. The marginal propensity to consume is constant B. The economy is at full employment C. There is a constant relationship between net investment and the rate of change of output D. The multiplier is constant
4	To adjust GDP from market prices to factor cost.	A. Add indirect taxes B. Subtract subsidies C. Deduct indirect taxes and subsides D. Deduct indirect taxes and add subsides
5	The profit per scale is a measure of.	A. Profit B. Profitability C. Feasibility D. Realism
6	If the price in a market is fixed by the government above equilibrium.	A. There is excess equilibrium B. There is excess supply C. There is excess demand D. There is equilibrium
7	To prevent the external value of the currency from failing the government might	A. Reduce interest rates B. Sell its own currency C. Buy its own currency with foreign reserves D. Increase its own spending
8	Which of the following is true.	A. If the marginal cost is greater than the average cost the average cost fallls. B. If the marginal cost is greater than the average cost the average cost increases. C. If the marginal cost is positive total costs are maximized D. If the marginal cost is negatives total costs increase at a decreasing rate if output increases
9	An increase in national income is.	A. Likely to increase exports B. Likely to decrease savings C. Likely to decrease investment D. Likely to increase spending on imports
10	The marginal propensity to consume is equal to.	A. Total spending /total consumption B. total consumption/total income C. Change in consumption/change in income D. Change in consumption/change in savings
11	Developing economies usually	A. Have large industrialized sectors B. Are dependent on primary products C. Have high levels of wealth D. Earn more from exports than is spent on imports
12	The length of a business cycle would be measured from	A. Peak t trough B. Trough to peak

13	If inflationary expectations increase, the short run Phillip's curve will	A. Become vertical B. Become up warding sloping C. Shift to the right D. Shift to the left
14	In the long run in perfect competitiion	A. the price equals the total revenue B. Firm are allocatively inefficient C. Firms are productively efficient D. the price equals total cost
15	If the marginal revenue is positive	A. Selling another unit will increase total revenue B. Selling another unit will increase profits C. Selling another unit will increase cost D. Selling another unit will increase average revenue
16	In monopoly when abnormal profits are made.	A. The prize set is greater than the marginal cost B. The price is less than the average cost C. The average revenue equals the marginal cost D. Revenue wquals total cost
17	When marginal revenue equals marginal cost	A. Total revenue equal total cost B. There is the biggest positive difference between total revenue and total cost C. there is the biggest negative difference between total revenue and total cost. D. Profits are zero
18	A contraction in supply occurs when	A. Demand shifts out wards B. The supply curve shifts inwards C. The quantity supplied falls when the price falls D. The supply curve shifts outwards
19	For perfectly competitive firm	A. Price equals marginal revenue B. Price is greater than marginal revenus C. Price equal total revenue D. Price equals total cost
20	The goal of a pure market economy is to best meet the desires of.	A. Consumers B. Companies C. Workers D. The government