PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
2	If the coefficient of price elasticity is less than one	A. It is normal good B. It is inferior good C. It is luxury good D. All of these
3	An important policy instrument to influence commercial banks is.	A. Open market operations B. Changing reserve ratios of commercial banks C. Moral persuasion D. None of the above
4	Import substitution is an example of.	A. The principle of comparative advantage B. The principle of absolute advantage C. An outward looking growth strategy D. An inward looking growth strategy
5	Accordant the wealth effect , an increase i the price level _____ real wealth and ____ consumption expenditure.	A. Increase, Increases. B. Increases ; decreases C. decreases ; increases D. decreases ; decreases
6	Devaluation leads to.	A. Increase in imports B. Increase in exports C. Decline in imports D. None of the above
7	The Hocksher Ohlin model rules out the classical model's basis for trade by assuming that. _____ is identical between countries.	A. Factor endowments B. Factor intensities C. Technology D. Opportunity costs
8	Which provides the best explanation of the failure of many poor countries to experience economic growth as rapid as the rich countries..	A. Classical growth theory B. Neoclassical growth theory C. New growth theory D. Market failure
9	Currency speculations is_____ if speculators bet against market forces that cause exchange functions, thus moderating such fluclutions.	A. Destabilizing B. Stabilizing C. Inflationary D. Deflationary
10	International trade is based on the idea that.	A. Exports should exceed imports B. Imports a should exceed exports C. Resources are more mobile internationally than are goods D. Resources are less mobile internationally than are goods.
11	Non tariff trade barriers could include all of the following except	A. Domestic content laws B. Government procurement policies. C. Health , safety and environmental standards D. Autidumpiing /countervailing duties applied to imports
12	Of the following which one is a characteristic of monopolistic competition.	A. Standardized product B. Comparatively easy only C. Little non price competition D. None of these
13	Export led growth strategies tend to emphasize.	A. Resource allocation based on the principle of absolute advantage. B. Resource allocation based on the principle of comparative advantage. C. Trade protection for exporting competing firms

		D. Trade protection for import competing firms
14	the difference between actual and planned expenditure is equal to.	A. X -M B. M- X C. Unplanned inventory change D. Excess reserves of depository institutions.
15	In the cost of slugger rises and slugger is major ingredient in jelly beans then the jelly bean.	A. Demand curve shifts to the left B. Supply curve shifts to the left C. Supply curve shifts to the right D. Demand and supply curves both shift to the right
16	A politician proposes reducing business taxes, a move she says will encourage risk taking entrepreneurship This proposed cut in business taxes is intended to stimulate the economy mainly though.	A. An increase in aggregate supply<hr id="null"> B. A decrease in aggregate supply C. A decrease in aggregate demand D. An increase in aggregate demand
17	an more labor is added to a fixed amount of input the rate at which output goes up begins to decrease This is called.	A. Diminishing marginal utility B. Diminishing marginal productivity C. Diminishing marginal costs D. Diminishing marginal profit
18	"Treating an individual as typical of a group.	A. Pure discrimination B. statistical discrimination C. Human capital D. Specific skills
19	Most commonly referred indicator of inflation is	A. Wholesale price index B. Retail price index C. Consumer price index D. Sensitivity price index
20	Absolute advantage is determined by.,	A. Actual difference in labor productivity between countries. B. Relative difference in labor productivity between countries. C. Both a and b D. neither a and b