

PPSC Economics Chapter 2 Micro Economics

Qr.	Questions	Anguero Choice
Sr 1	Which of the following does not apply to pareto efficiency.	A. Consumptive efficiency B. Productional efficiency C. Allocative efficiency
2	A monopolist will maximize profit.	D. Equity A. Where total revenue is maximized B. Where the slope of the total revenue function equals the slope of the total cost function C. Where average cost is at a minimum D. Where all the above are ture
3	An exceptional demand curve is.	A. Vertical B. Horizontal C. Downward sloping D. Positive slope
4	Immediately after a through we would expect to have al	A. Peak B. Recession C. Recovery D. Another trough
5	If the price elasticity of demand for a non giffen good is inelastic are decreased in its price result in.	A. Increase in demand B. Decrease in demand C. Increase in total revenue D. Decrease in total revenue
6	If the price of an apple increased from 50 to 60 the quantity demanded will decrease because of.	A. The substitution effect only B. The income effect only C. A change in income D. The substitution and income effects.
7	A monolithically competitive market is characterized by all of the following except.	A. Easy entry B. Differentiated product C. Excess capacity D. Economic profit in the long run
8	Which of the following would cause the demand curve for an input to shift.	A. A change in technology B. A change in demand for the product being produced C. An increase in the number of firms in the industry D. All of the above
9	A profit maximizing monopolist in two separate markets will	A. Charge different price according to elasticity B. Charged same price C. Charged very high price D. Charged very low price
10	Indifference curve has following characteristics except.	A. Convex to origin B. Intersect each other C. Not necessary to be parallel D. None of these
11	When due to change in price of commodity x demand of commodity y is charged it is called.	A. Income elasticity B. Price elasticity C. More elastic D. Cross elasticity
12	When the price of a pizza decreased from 1200 Rupees to 1000 Rupees, it is definitely the case that the.	A. Income effect means people buy less pizza B. Substitution effect means people buy more pizza C. Quantity demanded of pizza will not change D. None of the above
13	"The quantity demanded increases as its price increases and falls as its price falls" is called given goods, is presented by.	A. Allen B. Marshall C. Adam smith D. Robert griffin

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14	A demand curve shows that relation between price and demand.	A. Positive B. Negative C. Zero D. Very strong
15	Which of the following correct about firms in an oligopoly.	A. Each firm has complete control over its own selling price B. All firms independently charge monopoly prices C. No one firm controls price but each has an influence on the price D. There is no competition in oligopoly industries
16	A demand curve that is an equilateral hyperbola is.	A. Perfectly elasticB. Relatively elasticC. Unit elasticD. Relatively inelastic
17	In perfect competition a firm is.	A. Price taker B. Price setter C. Independent D. Dependent
18	Which of the following is a characteristic of monopolistic competition.	A. One seller serving the entire market B. When each firm sells an identical product C. When firms do not compete on a product quality price and marketing D. When firms are free is enter and exit the market
19	Company A estimates the price elasticity of demand for its products.3.0 The price of the product is Rs. 15. If MC = 2+40, the profit maximizing level of output.	A. 4 units B. 2 umits C. 5 units D. 3 units
20	If a monopolist faces a downward sloping market demand curve its.	A. Average revenue is always less than marginal revenue B. Marginal revenue is greeter than the price of the units it sells. C. Average revenue is less than the price of its product. D. Marginal revenue is always less than the price of the units it sells