PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	The increase in dependent variable that results when the independent variable increases by one unit in a simple lines. function is called.	A. Y intercept of the curve B. Slope of the curve C. X intercept of the curve D. Marginal value
2	In autarky when a community maximizes its standard of living its production points is.	A. Below the production possibility frontier B. On the production possibility frontier C. Above the production possibility frontier D. Can't tell without more information.
3	according to factor price equalization theorem, if country A is labor abundant then once trade opens.	A. Wages and rents should fall in A B. Wages and rents should rise in A C. Wages should rise and rents should fall in A D. Wages should fall and rents should rise in A
4	The index used most often to measure inflation is the	A. Consumer price index B. Wholesale price index C. Student price index D. Producer price index
5	What is the average money balance according to the square root rute if income is Rs.1500, each transaction cost is Rs.4, and the opportunity cost of holding money is.2%	A. 387 B. 50 C. 175 D. 203
6	The supply of foreign currency tends to be	A. upward sloping B. down ward sloping C. Vertical D. any of the above
7	If product an inferior good.	A. Demand is inversely related to income B. Demand is inversely related to price C. Demand is directly related to price D. Demand is inversely related to the price of substitutes
8	Barriers to entry do not include	A. Patents B. Internal economics of scale C. Mobility of resources D. High investment costs
9	When the central Bank _____ the money supply the LM curve shifts to the _____ interest rates _____ and equilibrium aggregate output.	A. Increase ; right ; fall; increase B. increases ; left ; rise ; decrease C. decreases ; left ;rise ; increases D. decreases ; left ; fall ; increases
10	The budget deficit tends to decrease when	A. GDP increases B. GDP decreases rapidly C. GDP remains unchanged D. GDP decreases slightly
11	The least common type of transaction in the foreign exchanges is a.	A. Forward transaction B. Spot transaction C. Swap transaction D. None of the above
12	Which of the following is a NOT component of M-2.	A. Small time deposited B. Money market mutual funds C. Stocks D. Checkable deposits
13	A profit maximizing firm will employ labour up to the point where.	A. Marginal revenue = Marginal product B. Margial cost = Marginal product C. Marginal revenue product = Average cost of labour D. Marginal revenue product = Marginal cost of labour

14	To anticipate what the economy is going to do next the government will look at.	A. Lagging indicators B. Flashing indicators C. Coincidental iindicators D. Leading indicators
15	A competitive equilibrium is Pareto efficient because.	A. Producers are price takers B. Consumers and producer's face the same prices C. Marginal costs and benefits are equal D. All of the above
16	The difference between gross investment and net investment is.	A. Depreciation B. Acceleration C. Deceleration D. Capital investment
17	Market some times fall to exist because of.	A. Externalities B. the free rider problem C. Poor transport D. a an b
18	The very word statistics refers to.	A. State craft B. Science of state C. Political state D. Political craft
19	The main role of the Federal Reserve is to	A. Administer the government on the state of the economy B. Overses the operations of the financial system and monetary management. C. Establish the value of the dollar and official interest rates D. Provide advice to the government on the state of the economy.
20	A Six year development plan was prepared on the recommendation of Colombo consultation Committee from _____ to.	A. 1951 -57 B. 1952-58 C. 1953-59 D. None of the above