NAT II Management Science Economy

Sr	Questions	Answers Choice
1	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
2	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
3	Which of the following event will lead towards cost-push inflation and therefore stagflation?	A. An increase in taxes on individuals B. A decrease in real interest rates C. A union settlement that increases wage levels D. An increase in government purchases
4	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
5	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
6	In February 2006, the Avian Influenza was reported by poultry farm in:	A. Hyderabad B. Karachi C. Multan D. Charsadda
7	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
8	Average revenue is equal to:	A. Price B. Total revenue C. Marginal revenue D. Average cost
9	Ushr implies on:	A. Agricultural product B. Industrial product C. Agricultural & industrial product D. None of these
10	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
11	The price elasticity of demand measures the responsiveness of quantity demanded to:	A. Quantity demanded B. Quantity supplied C. Price D. Output
12	When price falls supply:	A. Expands B. Contracts C. Remains zero D. Becomes fixed
13	The aggregate supply curve is the relationship between:	A. The price level and the real domestic output purchased B. The price level and the real domestic output produced C. The price level which producers are willing to accept and the price level purchasers are willing to pay. D. The real domestic output

		purchased and the real domestic output produced.
14	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. It refers to the effect of interest rates on borrowing which in turn affects consumption spending. 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
15	The elasticity of demand of durable goods is:	A. Zero B. More than unity C. Less than unity D. Equal to unity
16	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)descreases
17	The quality of a commodity which satisfies the human wants:	A. Usefulness B. Loss C. Utility D. Return
18	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 Ciffen good. D. None of the given options.
19	It is a Federal Tax:	A. Excise duty B. Local Tax C. Property Tax D. None
20	In 2005-06, the percentage of total investment to GDP was:	A. 8 percent B. 10percent C. 15percent D. 20percent