

## PPSC Economics Chapter 10 Most Frequently Asked Economics MCQS

Sr	Questions	Answers Choice
1	In a market system, sellers act in _____ interest, but this leads to behaviors in _____ interest.	A. Self, self B. Self, society's C. Society's', society's D. society's, self
2	In a pure market economy which of the following is a function of the price. i - provide information to sellers and buyers ii- Provide incentives to sellers and buyers	A. I only B. ii Only C. both i and ii D. Neither i nor ii
3	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
4	If there is a price ceiling, which of the following is NOT likely to occur.	A. Rationing by first come first served B. Black markets C. Gray markets D. Sellers providing goods for free that were formerly not free
5	If there is a price ceiling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these
6	If there is a price floor there will be	A. Shortages B. Surpluses C. Equilibrium D. None of these
7	The agricultural price support program is an example of.	A. A price ceiling B. A price floor C. Equilibrium pricing D. None of these
8	Direct investment and security purchase are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions D. Merchandise trade transactions
9	The law of demand states that	A. As the quantity demanded rises, the price rises B. As the price rises, the quantity demanded rises C. As the price rises, the quantity demanded falls D. As supply rises, the demand rises
10	The bowed shape of the production possibilities curve illustrates	A. The law of increasing marginal cost B. the production is inefficient C. the production is unattainable D. The demand is relatively inelastic
11	Capitalism refers to	A. the use of markets B. Government ownership of capital goods C. Private ownership of capital goods D. Private ownership of homes and cars
12	The fundamental economic problem faced by all societies is	A. Unemployment B. Inequality C. Poverty D. Scarcity
13	The impact and incidence of sales tax is	A. On the consumer B. On the seller C. On the producer D. None of these
14	Which of the following is likely to be longer for monetary policy than for fiscal policy.	A. The implementation lag B. The recognition lag C. Both a and b

		D. None of these
15	With no government and foreign trade sectors savings always equals.	A. Intended investment B. Realized investment C. Both a and b D. None of these
16	When unintended investment is positive	A. Output tends to rise B. Output tends to fall C. Output is in equilibrium D. None of these
17	Which of the following is a stock variable.	A. Gross private domestic investment B. Personal savings C. Both a and b D. None of these
18	Personal income is obtained by adding which items to national income	A. Govt. transfer payments B. Business transfer payments C. Both a and b D. None of these
19	In pure competition.	A. Strong rivalry exists B. Cartels are formed C. Both a and b D. None of these
20	MRS <sub>xy</sub> being 6 means	A. Consumer is willing to give up 6 units of x for one of y B. Preference for y is 6 times that of x C. Both of the above D. None of these