PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	According to the crowding out effect, a there is a government deficit, the real interest rate will._____ and investment will_____	A. rise ; rise B. fall ; rise C. rise ; fall D. fall ; fall
2	In pure competition.	A. Strong rivaled exist B. Cartels are formed C. Both a and b D. None of thes
3	Negative taxation refers to.	A. Tax rebate B. Subsidies C. Tax evasion D. Tax avoidance
4	In the classical model of Ricardo the direction of trade is delemined by.	A. Absolute advantage B. Comparative advantage C. Physical advantage D. Which way the wind blows
5	During the last eight years the per capita income in Pakistan has been	A. Increasing substantially because of decline in population growth B. Decreasing C. increasing only marginally D. Constant
6	In order of practice price discrimination which of the following is needed.	A. Some degree of monopoly power B. An ability to separate the market C. An ability to prevent reselling D. All of the above
7	A_____ is an example of a quota where foreigners hold quota licenses.	A. Export quota B. Embargo C. Auction quota D. Tariff quota
8	A tariff can_____ raise a country's welfare.	A. Sometimes B. Never C. Always D. None of these
9	Through the world government tend o auction quota license to their highest bidder.	A. Always B. Often C. Seldom D. Never
10	Saving means	A. Part of income for investment B. Income for boarding C. Non consumption of income in the current period D. None of the above
11	The productivity curve	A. Is given by the labor productively B. Shows the change in real GDP per hour of labor as the amount of capital per hour labor changes C. Shows the change in technology D. Is given by the equation Y = F (L,K, T)
12	With no government and foreign trade sectors savings always equals.	A. Intended investment B. Realized investment C. Botha a and b D. None of these
13	The locus of equilibrium of consumers due to changes in price of a commodity is known as.	A. Price consumption curve B. Income consumption curve C. Producing possibility curve D. None of these
14	A firm can fund an investment from its own sources, the opportunity cost of its investment is	A. Less than zero B. Zero C. More than zero D. Neither

15	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
16	Comparative 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
17	National Income account of Pakistan have registered GDP & GNP as.	A. GDP = GNP B. GDP < GNP C. GDP > GNP D. GDP / GNP
18	Which of the following would most likely shift the production possibilities curve for a nation outward.	A. A reduction in unemployment B. An increases in the production of capital goods C. A reduction in discrimination D. An increase in the production of consumer goods
19	A demand curve shows the relation between the quantity demanded to a commodity over a given time and.	A. the testes of consumer B. The money income of cosumer C. The price of related commodities D. The price of the commodity
20	The asset market approach a more helpful in explaning.	A. why excahnge rates remain quite stable B. Why governments change their money supplies. C. Long term exchange rate movement. D. Short term exchange rate movement.