PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	A straight line downward sloping demand curve implies that as price falls the elasticity of demand.	A. Increases B. Decreases C. Remain the same D. None of these
2	the difference between actual and planned expenditure is equal to.	A. X -M B. M- X C. Unplanned inventory change D. Excess reserves of depository institutions.
3	Expansion in money supply stems from.	A. Increasing the cost of bank credit B. Reducing availability of bank credit C. Reducing the financial cost of bank credit D. None of above
4	If in market the seller is changing different prices for the same commodity from different consumers it is known as.	A. Price discrimination B. efficient selling C. Profit maxi miser in Monopoly D. all of these
5	If a country an imposes an import tariff its welfare can improve if	A. The country is a small country's than a larger country. B. Its terms of trade improve enough C. The tariff enhances the welfare of its trading partners D. Its government's tax revenue increase because of the tariff
6	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity D. All of these
7	The "balance trade" is a record of.	A. Exports and imports of financial assets B. The current account plus capital account C. The export of goods and services. D. the value of merchandise exports minus imports
8	Depreciation is.	A. A decrease in the stock of capital B. Gross investment C. Net investment D. An increases in the stock of capital
9	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
10	Indifference curves shows various combinations of.	A. One commodity B. Two C. Three D. All of these
11	The term of trade is given by the process.	A. Paid for all goods exported by the home country B. Received for all goods exported by the home country C. Received for exports and paid for imports. D. Of primary product as opposed to manufactured products.
12	Those who argue in favor of import protection generally give the impression that such restricted trade will	A. Decrease the level of national security B. Provide benefits to some particular industry C. Provides benefits to the entire nation

		D. Not yield welfare losses for the nation
13	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
14	When unintended investment is positive	A. Output tends to rise B. Output tends to fall C. Output is in equilibrium D. None of these
15	The nation, that, following currency depreciation, the balance of trade falls for a while before increasing is called a _____ effect.	A. Relative price B. Elasticity C. J- Curve D. Pass through
16	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)
17	Price controls are	A. Necessary for consumer's welfares B. A must to check inflation C. Doomed to fall D. None of these
18	Accordant the wealth effect , an increase i the price level _____ real wealth and ____ consumption expenditure.	A. Increase, Increases. B. Increases ; decreases C. decreases ; increases D. decreases ; decreases
19	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
20	An increasingly higher marginal income tax is	A. Progressive B. Regressive C. Proportional D. Both b and c