PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	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
2	Increases in minimum wage	A. Helps in controlling unemploymentr B. Increases unemploymentr C. Reduce wage bill D. None of these
3	Which of the following is likely ot be longer for monetary policy that for fiscal policy.	A. The implementation lag B. The recognition log C. Both a and b D. None of these
4	If the coefficient of income elasticity is negative.	A. Inferior good B. Normal good C. Luxury good D. All of these
5	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
6	Which trade theory contents that a country that initially develops and exports a new product may eventually become an importer of if ,a nd may no longer manufacture the product.	A. Theory of factor endowments B. Theory of overlapping demands C. Economies of scale theory D. Product life cycle theory.
7	International trade in goods and services is sometimes used as a substitute for all of the following except.	A. International movements of capital B. International movement of labor C. International movement of technology D. Domestics production of different goods and services
8	A pure number by which change in investment is multiplied to change in income is called	A. Multiplier B. Accelerator C. Stabilizer D. All of these
9	In the home country government grants a subsidy of a domestically produced good domestic producers tend to.	A. Capture the entire subsidy in the form of higher profits B. Increase their level of production C. Reduce wages paid to domestic workers D. Consider the subsidy as an increase in production cost
10	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity D. All of these
11	Guid up of foreign exchange reserves leads to.	A. Decrease in money supply B. increase in money supply C. contraction in money supply D. None of the above
12	Which provides the best explanation of the failure of many poor countries to experience economic growth as rapid as the rich countries..	A. Classical growth theory B. Neoclassical growth theory C. New growth theory D. Market failure
13	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above

14	Why is the law of diminishing marginal returns ture.	A. Specialization and division of labor B. Spreading the average fixed cost C. Limited capital D. All factors being variable in the long run
15	In the theory of the firm profit maximization is always synonymous with.	A. Profitability B. Economic profit making C. maximization of the sales revenue D. None of these
16	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
17	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
18	National Income account of Pakistan have registered GDP & GNP as.	A. GDP = GNP B. GDP < GNP C. GDP > GNP D. GDP / GNP
19	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
20	International trade forces domestic firms to become more competitive in terms of.	A. The introduction of new products B. Product design and quantity C. Product price D. All of the above