

PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	When unintended investment is positive	A. Output tends to rise B. Output tends to fall C. Output is in equilibrium D. None of these
2	Skills that can be transferred to other employers are called.	A. General skills B. Specific skills C. Non pecuniary skills D. All of the above
3	International trade during the 19th century was characterized by.	A. Extensive barriers to trade B. Operation of the gold standard C. A small volume of international trade D. None of these
4	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
5	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
6	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.
7	Public utilities tend to be	A. Inefficient B. Natural monopolies C. subject to increasing costs D. None of these
8	In autarky when a community maximizes its standard of living its production points is.	A. Below the production possibility frontier B. On the production possibility frontier C. Above the production possibility frontier D. Can't tell without more information.
9	Indifference curves shows various combinations of.	A. One commodity B. Two C. Three D. All of these
10	If the % change in quantity demanded is more than % change in price coefficient of price elasticity is.	A. >1 B. <1 C. =1 D. =zero
11	Unemployment Rate is a percentage relation with reference is.	A. Total population B. Civilian labour force C. Employed persons D. Unemployed persons
12	Which of the following type of taxes is the most regressive.	A. Income taxes B. Sales taxes C. Excise taxes D. None of these
13	An Engel curve is based on which one of the following assumptions.	A. Constant prices, very incomes B. Constant price, constant income C. Constant incomes, varying prices D. None of these
		A. Positive

14	Two commodities are considered to be perfect substitutes for each other if the elasticity of substitution is	B. Negative C. Infinite D. None of these
15	If a country has linear production possibilities frontier then production is said to be subject to.	A. constant opportunity costs B. Decreasing opportunity costs C. First increasing and the decreasing opportunity costs D. Increasing opportunity costs.
16	Direct investment and security purchase are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions D. Merchandise trade transactions
17	Which trade theory contends that a country that initially develops and exports a new product may eventually become an importer of it, and 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.
18	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
19	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
20	Riskless transactions to take advantage of profit opportunities due to a price differential or a yield differential in excess of transaction costs are called	A. differential actions B. Cash transactions, C. Arbitrage D. Forward transactions