PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
2	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
3	Which of the following is most likely to benefit a debtor.	A. Un anticipated deflation B. Anticipated deflation C. Unanticipated inflation D. anticipated inflation
4	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
5	_____ represents the difference between what consumers have to pay for a product and what they are willing and able to pay.	A. Producer surplus B. Deadweight surplus C. Government surplus D. Consumer surplus
6	If saving rate is 12.0% , ICOR value is 3% and population Rate is 2.0% then the Growth Rate would be.	A. 2.0% B. 3.65 C. 4.0% D. 6.0%
7	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
8	Import substitution is an example of.	A. The principle of comparative advantage B. The principle of absolute advantage C. An outward looking growth strategy D. An inward looking growth strategy
9	In order to maximize profits a monopoly company will produce that quantity at which the	A. A marginal revenue equals average total cost B. Price equals marginal revenue C. Marginal revue equals marginal cost D. Total revenue equals total cost
10	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
11	Depreciation is.	A. A decrease in the stock of capital B. Gross investment C. Net investment D. An increases in the stock of capital
12	The theory of _____ suggests that government can assist domestic competitors.	A. International dumping B. Countervailing duties C. Strategic trade policy D. Export promotion policy
13	The agricultural price support program is an example of.	A. A price celling B. A price floor C. Equilibrium pricing D. None of these

14	The relation ship between the exchange rate and the prices of tradable goods is known as the.	A. Purchasing power parity theory B. Asset markets theory C. Monetary theory D. Balance of payments theory
15	In the balcne of payments, travel and tourism are included int he category of.	A. Unilateral transfers B. Capital account C. Merchandise account D. Services account
16	Negative taxation refers to.	A. Tax rebate B. Subsidies C. Tax evasion D. Tax avoidance
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	"Treating an individual as typical of a group.	A. Pure discrimination B. statistical discrimination C. Human capital D. Specific skills
19	Public utilities tend to be	A. Inefficient B. Natural monopolies C. subject to increasing costs D. None of these
20	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