

## 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 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
3	Skills that cna be transferred to other employers are called.	A. General skills B. Specific skills C. Non pecuniary skills D. All of the above
4	If there is a price ceiling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these
5	An economy that has achieved full production has achieved	A. Both allocative and productive efficiency B. Allocative but not productive efficiency C. Productive but not allocative efficiency D. Neither allocative nor productive efficiency
6	A market is in equilibrium when	A. $Ac = P$ B. $MC = MR$ C. $AC = AR$ D. $TC = TR$
7	In the circular flow diagram firms.	A. Receive revenue and supply resources in the resource market B. Incur costs and demand resources in the resource market. C. Receive revenue and demand resources in the product market. D. Incur costs and supply goods and services in the product market.
8	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
9	Monopoly market is characteristics by	A. A large number of sellers B. Only one seller C. Thousand of seller D. All of these
10	The central economic problem in an economy refers to.	A. The prevalence of unemployment B. To allocate scarce resources between competing uses. C. Consumers having less money than they would like D. ensure that production costs are converted by sales revenue.
11	A tax 15 percent per imported item would be an example of a	A. Ad valorem tariff B. specific tariff C. Effective tariff D. Compound tariff
12	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
		A. Decrease the level of national security B. Provide benefits to some particular

13	Those who argue in favor of import protection generally give the impression that such restricted trade will	industry C. Provides benefits to the entire nation D. Not yield welfare losses for the nation
14	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
15	Suppose that the supply curve of lin is highly inelastic if the demand curve of lin decreases and increases cyclically along the supply curve of lin then in this market the size of the quantity fluctuations will be _____ the size of the price fluctuations.	A. Relatively greater than B. Relatively less than C. the same as D. Any of the above
16	The funds used for further investment in joint stock company refers to.	A. Distributed B. Undistributed C. Remaining D. All of the above
17	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
18	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
19	If a small country imposes a tariff on an imported good its terms of trade will	A. Improve B. Worsen C. Not change D. any of the above
20	Negative taxation refers to.	A. Tax rebate B. Subsidies C. Tax evasion D. Tax avoidance