PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	Price controls are	A. Necessary for consumer's welfares B. A must to check inflation C. Doomed to fall D. None of these
2	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.
3	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
4	An important policy instrument to influence commercial banks is.	A. Open market operations B. Changing reserve ratios of commercial banks C. Moral persuasion D. None of the above
5	Your checking account is	A. An asset for you and a liability for your bank B. A liability for you and an asset for your bank C. An asset for both you and your bank D. A liability for both you and your bank
6	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
7	All economic model ae based on	A. Realistic assumptions B. Assumptions which can never be perfectly realistic C. Unrealistic assumptions D. None of the above
8	International trade is based on the idea that.	A. Exports should exceed imports B. Imports a should exceed exports C. Resources are more mobile internationally than are goods D. Resources are less mobile internationally than are goods.
9	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity D. All of these
10	The bowed shape of the production possibilities curve illustrates	A. The law of increasing marginal cost B. the production is inefficient C. the production in unattainable D. The demand is relatively inelastic
11	The largest trading partner of Pakistan is	A. Italy B. US C. USA D. None of these
12	A change in the full employment quantity of labor_____ the short run aggregate supply curve and _____ the long run aggregate supply curve.	A. shifts ; shifts B. shifts ; does not shift C. does not shift ; shift D. does not shift ; does not shift
13	Absolute advantage is determined by..	A. Actual difference in labor productivity between countries. B. Relative difference in labor

		productivity between countries. C. Both a and b D. neither a and b
14	All economic model ae based on	A. Realistic assumptions B. Assumptions which can never be perfectly realistic C. Unrealistic assumptions D. None of the above
15	_____ are quotas that lead to a complete abolishment of trade.	A. Embargoes B. Voluntary export restraints C. Nontariff beamers D. Orderly marketing agreements
16	_____ 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
17	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.
18	A specification of a maximum amount of a foreign produced good that will be allowed to enter the country over a given time period is referred to as a	A. Domestic subsidy B. Export subsidy C. Import quota D. Export quota
19	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
20	National Income account of Pakistan have registered GDP & GNP as.	A. GDP = GNP B. GDP < GNP C. GDP > GNP D. GDP / GNP