PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	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
2	National Income account of Pakistan have registered GDP & GNP as.	A. GDP = GNP B. GDP < GNP C. GDP > GNP D. GDP / GNP
3	The "balance trade" is a record of.	A. Exports and imports of financial assets B. The current account plus capital account C. The export of goods and services. D. the value of merchandise exports minus imports
4	Equilibrium price is a price at which	A. Quantity demanded is equal to quantity suppled B. Quantity demanded minus quantity supplied is zero C. quantity demanded = quantity supplied D. All of these
5	The multiplier for a change in social security benefits is equl to the multiplier for a change in the same direction in salaries of Evanston police officers tiems.	A. the marginal propensity to save B. Minus the marginal propensity to save C. The marginal propensity to consume D. Minus the marginal propensity to consume
6	Currency speculations is_____ if speculators bet against market forces that cause exchange functions, thus moderating such fluclutions.	A. Destabilizing B. Stabilizing C. Inflationary D. Deflationary
7	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.
8	That the division of labor is limited by the size of the market best applies to which explanation of trade.	A. Factor endowment theory B. Product life cycle theory C. Economies of scale theory D. Overlapping demand theory
9	In autarky equilibrium.	A. Production equals consumption B. Export equal inmprts C. There is no trade D. All of the above
10	The agricultural price support program is an example of.	A. A price celling B. A price floor C. Equilibrium pricing D. None 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	The earliest statement of the principle of comparative advantage is associated with.	A. Adam Smith B. David Ricardo C. Eli Heckshcer D. Berti Ohlin
13	Direct investment and security purchase are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions

		D. Merchandise trade transactions
14	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
15	According to factor price equalization theorem the _____ factor should oppose free trade policies in any given country.	A. Abundant B. Scarce C. Neither D. Can't tell without more information
16	Riskless transactions to take advantage of profit opportunities due to a price differential or a yield differential in excess of transaction costa are called	A. deferential actions B. Cash transactions, C. Arbitrage D. Forward transactions
17	Compared to the case of perfect competition.	A. Monopolist is more likely to B. Charge a higher price C. Produce a lower quantity of the product D. All of the above
18	The type of business in which an individual has unlimited responsibility for the debts of the organization.	A. Partnership B. Corporation C. Monopoly D. None of these
19	In the short run an increase in the quantity of money _____ real GDP and _ the price level.	A. increases ; raises B. does not change ; lowers C. decreases ; raises D. decrease ; lowers
20	Which of the following IS a function of money.	A. Medium of exchange B. Store of value C. Unit of accounting D. All of the above