

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	If the marginal revenue is positive	<p>A. Selling another unit will increase total revenue</p> <p>B. Selling another unit will increase profits</p> <p>C. Selling another unit will increase cost</p> <p>D. Selling another unit will increase average revenue</p>
2	An increase in aggregate demand is more likely to lead to demand pull inflation if.	<p>A. Aggregate supply is perfectly elastic</p> <p>B. Aggregate supply is perfectly inelastic</p> <p>C. Aggregate supply is unit elastic</p> <p>D. Aggregate supply is relatively elastic</p>
3	An independent assessment of the impact of firm's activities on society is called a.	<p>A. Financial audit</p> <p>B. Balance sheet</p> <p>C. Profit and uses account</p> <p>D. Social audit</p>
4	If an increase in investment leads to a bigger increase in national income this is called the.	<p>A. Accelerator</p> <p>B. Aggregate demand</p> <p>C. Monetarism</p> <p>D. Multiplier</p>
5	Government policies that focus on increasing production rather than demand are called.	<p>A. Fiscal policies</p> <p>B. Monetary policies</p> <p>C. Incomes policies</p> <p>D. Supply side policies</p>
6	When referring to economic growth we normally refer to.	<p>A. Growth in actual real per capita output</p> <p>B. Growth in potential real per capita output</p> <p>C. Growth in actual nominal per capita output</p> <p>D. Growth in potential real per capita output</p>
7	Developing economics usually have	<p>A. Low GDP per captia</p> <p>B. Low CPI</p> <p>C. Large balance of payments surpluses</p> <p>D. Large budget surpluses</p>
8	A multinational busniess	<p>A. Sells products abroad</p> <p>B. Produces in more than one country</p> <p>C. Imports from abroad</p> <p>D. Sells only domestically</p>
9	A depreciation of currency occur when	<p>A. The value of the currency falls</p> <p>B. The value of the currency increases</p> <p>C. Inflation falls</p> <p>D. The balance of payments improves</p>
10	The bowed shape of the production possibilities curve illustres.	<p>A. The law of increasing marginal cost</p> <p>B. the production is inefficient</p> <p>C. That production is inattainable</p> <p>D. The demand is relatively inelastic</p>
11	In perfect price discrimination	<p>A. Consumer surplus is maximized</p> <p>B. Produce surplus is zero</p> <p>C. Community surplus is maximized</p> <p>D. Consumer surplus is zero</p>
12	Which of the following is not likely to be a government objective.	<p>A. Increasing employment</p> <p>B. Increasing economic growth</p> <p>C. Increasing government spending</p> <p>D. Increasing the level of exports</p>

13	The law of demand states that.	<p>A. As the quantity demanded rises, the price rises.</p> <p>B. As the price rises the quantity demanded rises</p> <p>C. As the price rises, the quantity demanded falls.</p> <p>D. As supply rises, the demand rises.</p>
14	Normal profit occurs when	<p>A. Average revenue equals average variable cost</p> <p>B. Marginal revenue equals marginal cost</p> <p>C. Average revenue equals marginal cost</p> <p>D. Average revenue equals average cost</p>
15	Which of the following is not an obvious or direct determinant of a country's imports.	<p>A. Real exchange rate</p> <p>B. Income</p> <p>C. Tariff rates</p> <p>D. Interest rate</p>
16	To adjust from gross National Product to Net National Product	<p>A. Deduct depreciation</p> <p>B. Deduct indirect taxes</p> <p>C. Deduct subsidies</p> <p>D. Add inflation</p>
17	As income increases.	<p>A. the average propensity to consume gets nearer in value to the marginal propensity to consume</p> <p>B. the average propensity to consume diverges in value from the marginal propensity to consume</p> <p>C. the average propensity to consume falls</p> <p>D. The average propensity to consume always approaches 0</p>
18	A shift in supply will have a bigger effect on price than output if demand is.	<p>A. Income elastic</p> <p>B. Income inelastic</p> <p>C. Price elastic</p> <p>D. Price inelastic</p>
19	A reflationary policy	<p>A. Increases aggregate supply</p> <p>B. Increases aggregate demand</p> <p>C. Decreases the price level</p> <p>D. Increase full employment</p>
20	Which of the following is not one of the four Ps in marketing.	<p>A. Product</p> <p>B. Price</p> <p>C. Place</p> <p>D. Presence</p>