

## PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	If people are made unemployed because of a fall in aggregate demand this is known as.	A. Frictional unemployment     B. Seasonal unemployment     C. Cyclical unemployment     D. Structural unemployment
2	Injection are	A. Assumed to be exogenous     B. Assumed to be a function of national income     C. Decrease aggregate demand     D. Decrease the investment into an economy
3	Which of the following is true.	A. If the marginal cost is greater than the average cost the average cost falls.  B. If the marginal cost is greater than the average cost the average cost increases.  C. If the marginal cost is positive total costs are maximized  D. If the marginal cost is negatives total costs increase at a decreasing rate if output increases
4	A movement along the supply curve may be caused by	A. A change in technology     B. A change in the number of producers     C. A shift in demand     D. A change in costs
5	"Income inequality can be high in the free market and should be reduce ".This is an example of what.?	A. Judicial economic statement.     B. Positive economic statement     C. Formative economic statement     D. Normative economic statement
6	The marginal propensity to consume is equal to.	A. Total spending /total consumption B. total consumption/total income C. Change in consumption/change in income D. Change in consumption/change in savings
7	Which of the following is not one of the four Ps in marketing.	A. Product B. Price C. Place D. Presence
8	To maximize sales revenue a firm should produce where	A. Marginal cost is zero     B. Marginal revenue is maximized     C. Marginal revenue is zero     D. Marginal revenue equals marginal cost
9	In a recession	A. Unemployment is likely to be low     B. prices are likely to increase     C. Growth is negative     D. Growth is slow
10	The law of diminishing returns assumes.	A. There are not fixed factors of production B. There are no variable factors of production C. Utility is maximized when marginal product falls. D. Some factors of production are fixed
11	An independent assessment of the impact of firm's activities on society is called a.	A. Financial audit     B. Balance sheet     C. Profit and uses account     D. Social audit
12	In the long term a firm will produce provident the revenue covers.	A. Fixed costs B. Variable cost C. Total costs

		D. Revenue
13	If demand is price inelastic.	A. An increase in price must raise profits B. An increase in price decreases revenue C. An increase in price increase revenue D. A decrease in price reduces sales.
14	In a Boom	A. Surpluses are likely to occur     B. Prices are likely to fall     C. supply will increase immediately to match demand     D. Shortages may occur
15	Finding a partner to work with abroad is called a.	A. Takeover B. Merger C. Acquisition D. Joint venture
16	An increase in consumption at any given level of income is likely to lead to.	A. a fall in savings B. An increase in exports C. A fall in taxation revenue D. A decrease in import spending
17	Supply side policies are most appropriate to cure.	A. Involuntary unemployment     B. Cyclical unemployment     C. Voluntary unemployment     D. A fall in aggregate demand
18	A scarce good.	A. Does not exist B. Is a good that can only be purchased with money C. Is a good that can never be purchased with money D. Is a good that is available in limited quantities, but is desired in greater quantities.
19	In monopoly in long run equilibrium.	A. The firm is productively efficient B. The firm is allocatively inefficient C. The firm produces where marginal cost is less than marginal revenue D. The firm produces at the sociality optimal level
20	Price equal to.	A. Total revenue -quantity B. Total revenue/quantity sold C. total quantity sold * quantity sold D. Total revenue/total cost