

## PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	In monopoly which of the following is true.	A. There are many buyers and sellers B. There is one main buyers C. There is one main seller D. The actions of one firm do not affect the market price and quantity.
2	Which of the following is not one of the four Ps in marketing.	A. Product B. Price C. Place D. Presence
3	The difference between gross investment and net investment is.	A. Depreciation B. Acceleration C. Deceleration D. Capital investment
4	In perfect competation.	A. The price equals the marginal revenue B. The price equals the average variable cost C. The fixed cost equals the variable costs D. The price equals the total costs
5	In the short run firm in perfect competition will still produce provided.	A. The price covers average variable cost B. The price covers variable cost C. The price covers average fixed cost D. The price covers fixed cost
6	An increase in national income is.	A. Likely to increase exports     B. Likely to decrease savings     C. Likely to decrease investment     D. Likely to increase spending on imports
7	The fundamental economic problem faced by all societies is.	A. Unemployment B. Inequality C. Poverty D. Scarcity
8	The standard of living is often measured by	A. Real GDP per capita B. Real GDP C. Real GDP * Population D. Real GDP Plus depreciation
9	Lower interest rates are likely to.	A. Decrease consumption     B. Increase cost of borrowing     C. Encourage saving     D. Increase spending
10	In pure monopoly what is the relation between the price and teh marginal revenue.	A. The price is greater than the marginal revenue B. The price is les than the marginal revenue C. There is no relation D. They are equal
11	Demand pull inflation may be caused by	A. An increase in costs     B. A reduction in interest rate     C. A reduction in government spending     D. An outward shift in aggregate supply
12	Increased levels of spending on imports	A. shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left
13	Which kind economics deals with issues such as unemployment inflation, and economic	A. Macro economics B. Micro economics

	growtn.	C. Growth economics D. Political economics
14	According to the quantity theory of money an increase in the money supply is most likely to lead ot inflation if	A. The velocity of circulation decreases B. The number of transactions decreases C. There is deflation D. The velocity of circulation and the number of transactions is constant
15	The marginal rate of tax paid is.	A. The total tax paid /total income B. Total income/total tax paid C. Change in the tax paid/change in income D. Change in income/change in tax paid
16	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
17	Nationalization occurs when	A. The government bans a product B. The government takes control of an industry C. the government taxes a product to a raise the price. D. The government taxes a product to a raise its price.
18	Which of the following would decrease aggregate demand.	A. Increased consumption B. Increasing export revenue C. Increased taxation revenue D. Increased investment
19	The index used most often to measure inflation is the	A. Consumer price index B. Wholesale price index C. Student price index D. Producer price index
20	Human wants are	A. Always fixed B. Limited C. Unlimited D. Likely to decrease over time
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