

PPSC Economics Chapter 2 Micro Economics

Sr	Questions	Answers Choice
OI .	Questions	A. Excluded from the total cost
1	In perfect competition the transpiration cost	B. Is important figure in total cost C. Is ignored D. All of these
2	The marginal rate of substitution of two goods can be obtain from	A. Slope of budget line B. Slope of demand curve C. Slope of indifference curve D. None of these
3	If a firm which polluted the water of area had to pay all social cost would have	A. Small output B. Large output C. Heavy output D. B and C
4	The law of diminishing marginal returns to a factor of production is.	A. Not applicable B. Another explanation of economies of scale C. A principle of scales D. None of these
5	If the price elasticity of demand for a non giffen good is inelastic are decreased in its price result in.	A. Increase in demand B. Decrease in demand C. Increase in total revenue D. Decrease in total revenue
6	In the short run the competitive firm will produce if.	A. Price is equal to marginal cost B. Price is equal to marginal revenue C. Price is equal to total cost D. Price is equal to are greater than average variable cost.
7	In the short run, the supply of farm commodities is.	A. Inelastic B. Less elastic C. More elastic D. Undetermined
8	The Lorenz curve shows that	A. unemployment does not affect social group B. People with low income spend more C. People with low income spend less D. the degree of income equality in the economy
9	The downward kinked demand curve facing the individual oligopolistic implies that	A. He face price certainlty B. Competitors have a tendency to follow price decreases but not price increase C. Total revenue remains same if a firm increases price D. None of these
10	The supply curve of a perfectly competitive firm	A. Includes the upward sloping portion of the marginal cost B. Is equal to entire margin cost C. Includes the downward sloping portion of marginal cost D. None of these
11	in monopolistic competition the firms desire to sell more output at the equilibrium because.	A. Price is more than marginal cost B. Price is less than marginal cost C. Price is less than average cost D. Price more than average cost
12	The supply curve of a monopolist is always.	A. More elastic B. Less elastic C. undefined D. Steeper
13	When the demand curve is a straight line the elasticity of demand at the center point will be.	A. Equal to zero B. infinite C. More than one D. Equal to one

14	In case of complimentary goods, if the price of one commodity falls there will be.	A. Rise in demand of other commodity B. Fall in demand of other commodity C. Fall is demand of both commodities D. Nor charge
15	An exceptional demand curve is.	A. Vertical B. Horizontal C. Downward sloping D. Positive slope
16	The income elasticity of inferior goods is	A. Zero B. Positive C. Negative D. Unitary
17	Cross -elasticity following commodities is very high	A. Compliments B. Normal C. Goods substitutes D. Good compliments
18	A monopolist who is charging high price operates on.	A. inelastic part of demand curve B. Elastic demand of part curve C. Ignore elasticity D. More elastic demand of part curve
19	Finance minister tax a commodity	A. having elastic demand B. ignore elasticity C. Having unti elastic demand D. Having unit elastic demand
20	When the demand curve is vertical its shows that the demand is.	A. Less elastic B. Very high elastic C. Elastic D. Perfectly inelastic