

PPSC Economics Chapter 2 Micro Economics

Sr	Questions	Answers Choice
1	The quantity of Y demanded increases by 6% when income changes, and income elasticity of demand is -0.9 income	A. Decreased by 5.4 % B. Decreases by 8% C. Increased by 15% D. Decreased by 6.7 %
2	Firm A's margin of safety is.	A. 0.10 B. 0.40 C. 0.20 D. 0.30
3	Firm A's annual profit is.	A. Rs.10,000 B. Rs.20,000 C. Rs.30,000 D. Rs.60,000
4	A firm A's break even quantity is.	A. 10 units B. 40 units C. 50 units D. 30 units
5	When the marginal physical product of labor is 800 - 2N, the price of goods is Rs. 2, and the cost of labor is Rs. 4 per unit, the quantity of labor employed is.	A. 20 Units B. 800 Units C. 399 Units D. 80 units
6	Projects A,B,C,D,E cost Rs. 100, Rs, 200, Rs. 300, Rs. 400, and Rs. 500 with MEC's of 0.07, 0.06,0.09,0.10 and 0.11 respectively. The market rate of interest is 8% Total investment spending is	A. Rs. 1500 B. Rs.1300 C. Rs.1200 D. Rs.300
7	The expected profit from the profit distribution above is.	A. 40 units B. 60 units C. 100 units D. 20 units
8	If the estimated values of Y and Py in 1987 are Rs. 20,000 and Rs. 6 respectively, what is the maximum price of X .	A. Rs.420 B. Rs.240 C. Rs.300 D. Rs.360
9	If the estimated values of Y and Py in 1987 are Rs. 30,000 and Rs. 8 respectively the marginal revenue of X is.	A. 260 - 160 x B. 420 - 4Qx C. 240 - 16 Px D. 80 - 4Qx
10	Company A estimates the price elasticity of demand for its products.3.0 The price of the product is Rs. 15. If MC = 2+40, the profit maximizing level of output.	A. 4 units B. 2 umits C. 5 units D. 3 units
11	If there is no price surprise, total output is.	A. 50 B. 150 C. 400 D. 200
12	The short term interest rates on bonds over the next 5 years is 6%, 7%, 9%,10% and 8% according to the expectations Hypothesis, the interest rates on bonds with 5 years to maturity will be.	A. 6% B. 8% C. 10% D. 9%
13	If a price floor of Rs.15 is imposed, the governments cost is.	A. Rs.150 B. Rs.300 C. Rs.750 D. Rs.450
14	Which of the following is correct for the demand and supply schedules given above.	A. The demand curve is non linear B. The slope of the supply curve is 4 C. Equilibrium quantity is 40 units D. The slope of the demand curve is 0.5
		A. The consumer Price index is an example of the Paasche index. B. The Paasche index is biased

15	Which of the following is correct with respect to the Paasche index.	upward C. The Passche index always exceeds 1 D. The Paasche index uses given period quantities
16	Assume a cosumer buys 25 units of good X at Rs.8 and 10 units of good Y at Rs. 6 in 1980. If Px = Rs. 6 and Py = Rs. 4 in 1970 the pasasche index is.	A. 1.14 B. 1.65 C. 1.37 D. 1.47
17	The monopolization of the competitive market results in a deadweight loss to society of	A. RSJK B. JKL C. THJ D. RSJL
18	The arc income elasticity of demand is approximately	A. 0.02 B. 1.9 C. 3.3 D. 0.5
19	The are price elasticity of demand is approximately	A. 0.3 B. 3.3 C. 6.0 D. 0.2
20	Under perfect competition, the price system automatically result in efficient output selection when	A. MC = MR B. MC = MU C. P = ATC D. P > AVC