

PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	The Isoquant curve shows different combinations of two factors of production which give the producer.	A. Different level of output B. High level of output C. low level of output D. Same level of output
2	If X, Y, and Z are willing to work for Rs. 4, Rs. 5, and Rs.6 respectively but N pays them Rs. 7 each, producers surplus is.	A. Rs. 4 B. Rs.7 C. Rs.5 D. Rs.6
3	To access internet services consumers must use a computer if computer prices fall, what is the effect on the demand for internet services.	A. The demand for internet services increases. B. The demand for internet services decreases C. The demand for internet services does not change D. The demand for internet services could increase, decrease, or stay the same depending on other factors.
4	The same graph shows that the firm order to maximize profits, should produce.	A. 30 units charges a price of Rs. 16 B. 20 Units and charge a price of Rs. 22 C. 35 Units and charge a price of Rs. 12 D. 38 units and charge a price or Rs. 10
5	A Market situation where the number of buyers is very large and the number of sellers are very small is called.	A. Perfect competition B. Duopoly C. Oligopoly D. In perfect competition
6	The price elasticity of demand is the same thing as the negative of the	A. Slope B. Reciprocal of slope C. The first derivative of the demand function D. Reciprocal of slope times the ratio of price to quantity
7	The exit of firms out of a competitive market causes the supply curve to.	A. Shift leftward B. shift rightward C. None of the above for the exit of firms supply curve D. shift either left or right depending on the number of firms leaving the market
8	In long run equilibrium a monopolistically competitive firm will find.	A. Marginal cost below average total cost B. Marginal cost equal to minimum average total cost C. Both a and b D. Neither a nor b
9	Which of the following does not represent a barrier to entry into a market.	A. Import quotas B. patent laws C. Government franchises D. Anti trust legislation
10	A profit maximizing monopolist in two separate markets will	A. Charge different price according to elasticity B. Charged same price C. Charged very high price D. Charged very low price
11	Short run is a time frame where a firm can change its.,	A. Total cost B. Total production C. Plant size D. None of these
12	If Supply and demand both decrease simultaneously. Which of the following will happen.	A. Price will rise B. Quantity sold will rise C. Price will fall D. Quantity sold will decrease

13	If leisure is an inferior good the individuals supply curve for labor is.	A. Back ward bending B. Completely inelastic C. Upward sloping D. Perfectly elastic
14	How much will a speculator invest now if he expects to earn Rs. 144 two years from now assuming the nominal rate of interest is 20%	A. Rs.1654.29 B. Rs.100.00 C. Rs.94.00 D. Rs.68.00
15	A drop in the price of compact disc shifts the demand curve for prerecord tapes leftward from that you know that compact discs and precordded tapes are.	A. Inferior goods B. Substitutes C. Complements D. Normal goods
16	In the short run, the supply of farm commodities is.	A. Inelastic B. Less elastic C. More elastic D. Undetermined
17	What is the production level for public good W, if the government uses full cost pricing.	A. Q = 2 B. Q = 5 C. Q= 4 D. Q = 6
18	If there is no price surprise, total output is.	A. 50 B. 150 C. 400 D. 200
19	If a good is normal then the demand curve for that good must be.	A. Downward sloping B. Upward sloping C. Perfectly elastic D. Completely inelastic
20	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