

PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	Which of the following explains why demand curves slope downward.	A. Prices and income B. substitutes and complements C. Resources and technology D. Substitution effect and income effect
2	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
3	In monopsony there is	A. Single seller B. Two buyers C. Single buyer D. Few buyer
4	Which of the following groups is most hurt by unexpected inflation.	A. Workers with cost of living adjustments in their labor contracts B. Home owners C. People with large debts to pay for their homes and cars D. People with large retirement savings held in savings accounts.
5	A firm's total revenue is Rs. 4,500 when it sells 15 pairs of boots compared to Rs. 4,480 when it sells 14 pairs,. The marginal revenue of the 15th pair of boots is.	A. Rs.20 B. Rs.320 C. Rs. 4,480 D. Rs.300
6	If an increase in the price of gasoline increases the demand for gas hybrid cars, then	A. Hybrid cars are an inferior good B. Gasoline and hybrid cars are complements in consumption C. Gasoline is an inferior good D. Gasoline and hybrid cars are substitutes in consumption
7	A drop in the price of compact disc shifts the demand curve for prerecord tapes leftward from that you know that compact discs and pre-recorded tapes are.	A. Inferior goods B. Substitutes C. Complements D. Normal goods
8	Which of the policies in the table above an increase in social welfare according to pareto efficiency.	A. Policy A B. Polies A and B C. Policies A and D D. Policies C a, -d D
9	The statement that marginal cost = marginal revenue leads to profit maximization of loss minimization is true.	A. All the time B. Only in the long run C. Only if "marginal cost is rising at the point of equality." D. Only if average total cost is falling at the point of equality
10	A firm charges Rs. 800 for its unique word processor. If total revenue is Rs. 56,000 in July, how many word processor were sold that month.	A. 70 B. 95 C. 700 D. 800
11	A typical demand curve cannot be	A. Rising upwards to the right B. A straight line C. Concave to origin D. Convex to origin
12	The market demand for a product is found by	A. Horizontally summing the individual demand curves B. Vertically summing the individual demand curves C. Both horizontally and vertically summing the individual demand curve. D. None of the above
13	Indifference curve is always.	A. Vertical B. Horizontal C. Concave D. Convex

D. Convex

14	Which skills are most likely to be paid for by the employer.	A. General skills B. Specific skills C. Educational skills D. None of these
15	If there is no price surprise, total output is.	A. 50 B. 150 C. 400 D. 200
16	Duopoly is a market situation when there is	A. Single seller B. Many seller C. Two seller D. Few seller
17	A production function for a firm which produces a product with two or more inputs.	A. Represents a physical relationship between outputs for a specified set of inputs B. Indicates the least cost combinations of inputs for a given output C. Relates revenues and costs D. Indicates the dollar cost for each level of output.
18	Oligopoly is a market structure in which	A. Many firms each produce a slightly differentiated product B. One firm produces as unique product C. A small number of firms compete D. Many firms produce an identical product
19	As long as the principle of diminishing marginal utility is operating any increased consumption of good.	A. Lowers total utility B. Produces negative total utility C. Lower marginal utility and therefore total utility D. Lowers marginal utility, but may raise total utility.
20	Economists tend to disagree primarily about.	A. The implications of scarcity for our economy B. Which resources are free C. Topics in positive economics D. Issues of normative economics