

## PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	When the quantity demanded is changed on the same price	A. the demand curve shifts upward B. The demand curve shifts downward C. Movement on the same demand curve D. None of these
2	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
3	A typical demand curve cannot be	A. Rising upwards to the right B. A straight line C. Concave to origin D. Convex to origin
4	In monopolistic competition firm sell	A. Same goods B. Differential goods C. Inferior goods D. Superior goods
5	In monopoly the firm can	A. Price B. Output C. Either price or output D. Both a and b
6	The demand for labor slopes down and to the right because of.	A. The law of demand B. The iron law of wages C. The law of diminishing marginal returns D. Economies of scale
7	In a perfectly competitive market if firms are earning an economic profit the economic profit.	A. Attracts entry by more firms, which lowers the market price B. Can be earned both in the short run and long run C. Is less than the normal profit D. Leads to a decreases in market demand
8	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 %
9	As long as all prices remain constant an increase in money income results in.	A. An increase in the slope of the budget line B. A decrease in the slope of the budget line C. An increase in the intercept of the budget line. D. a decrease in the intercept of the budget line.
10	Law of demand is not applicable on	A. Daily goods B. Scarce goods C. Consumer goods D. Producer goods
11	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
12	the ouput where diminishing return to production begin is also the ouput where	A. Marginal cost is at a minimum. B. Average total cost is at a minimum C. Average variable cost is at a minimum D. Marginal and average
		A. Constant returns to scale

13	A linear homogenous production function would reveal.	B. Increasing returns to scale C. Decreasing return to scale D. Doubling all inputs would more than double output
14	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
15	To maximize revenue, an excise tax should be imposed on a product	A. That has a highly elastic demand curve B. Such as St. Joseph's children's' aspirin. C. Such as salt D. such as Toyota automobiles
16	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
17	When Daimler Benz maker of the Mercedes bought Chrysler the merger was	A. Horizontal B. Vertical C. Conglomerate D. None of these
18	In perfect competition the transpiration cost	A. Excluded from the total cost B. Is important figure in total cost C. Is ignored D. All of these
19	An -increase the expected future price of a good.	A. Increases its demand B. Decreases its demand C. Increases its supply D. Has no effect on either its demand or its supply.
20	"The quantity demanded increases as its price increases and falls as its price falls" is called given goods, is presented by.	A. Allen B. Marshall C. Adam smith D. Robert griffin