

PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	The total utility of the third unit of product x is.	A. 10 B. 5 C. 23 D. 38
2	An increase in the discount rate at the FED generally has the following effect on bond prices.	A. There is no demonstrated effect B. Such an increase tends to lower bond prices. C. Such an increase tends to raise bond prices D. Bond prices are related to the government purchase and sale of bonds.
3	Suppose that the price elasticity of demand for maple syrup has been estimated at -2 if quantity demanded increased by 10 percent, price must have changed by.	A. 5 percent lower B. 5 percent higher C. 10 percent lower D. 10 percent higher
4	A situation in which firms choose their best strategy given the strategies chosen by the other firms in the market is called.	A. a competitive equilibrium B. An open market solution C. The Nash equilibrium D. The cartel equilibrium
5	Last week, Martha spend one day cleaning a house for this she was paid \$50 The rest of the week, she spend looking for a job Martha would be callsified as.	A. Employed B. Unemployed C. Not in the labor force D. None of these
6	BATA's marginal utility per dollars is .8 for both shorts and running shoes,. To attain her consumer equilibrium BATA should.	A. Buy an additional pair of shorts B. Buy an additional pair of both items C. Possibly not make any adjustment in her behavior D. Sell her shorts and keep her shoes
7	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
8	Which of the following is an automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
9	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
10	The demand for labor will be more elastic if	A. There are few substitutes for labor B. There is a shor time under consideration C. Labor is a large percent of the total cost of production D. The demand for the product is relatively inelastic
11	A price decrease and an increase in income are similar in that	A. Both force the consumer to achieve a lower level of well being B. Both force the consumer to reach a lower indifference curve C. Both move the budget line outward D. ^{They are not similar at all}
12	A monopolistically competitive firm differs from a perfectly competitive firming that unlike the perfectly competitive firm it.	A. Faces a downward sloping demand curve B. Can change the characteristics of its product. C. Can vary the price of its product. D. All of the above

13	The firms average variable cost of the 150th unit is.	A. Rs.15 B. Rs.17 C. Rs.20 D. Rs.9
14	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
15	if a consumer is purchasing only two commodities X and Y , and the marginal utility per dollar of Y is greater than the marginal utility per dollar of X to maximize total utility with the limited income the consumer should buy.	A. .Less of both commodities B. .More of both commodities C. More of Y. D. None of the above
16	Which of the following is a characteristic of monopolistic competition.	A. One seller serving the entire market B. When each firm sells an identical product C. When firms do not compete on a product quality price and marketing D. When firms are free is enter and exit the market
17	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
18	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
19	The demand for labor is the same as the	A. Marginal revenue product B. Marginal physical product C. Marginal cost D. Wage
20	In the short run, the supply of farm commodities is.	A. Inelastic B. Less elastic C. More elastic D. Undetermined