

PPSC Economics Chapter 2 Micro Economics

Qr.	Questions	Anguara Chaiga
Sr	Questions	Answers Choice
1	Given the above demand and supply equations for widgets, the equilibrium price and quantity is.	A. P = Rs. 20, Q = 60 B. PO = Rs. 60, Q, = 20 C. P Rs. 35, Q = 45 D. P - Rs. 12, Q = 88
2	The total utility of the third unit of product x is.	A. 10 B. 5 C. 23 D. 38
3	A long-run total cost curve can be constructed from	A. An income consumption curve B. A price consumption curve C. Isoquant is cost expansion path diagram D. An Engel curve
4	The firms average variable cost of the 150th unit is.	A. Rs.15 B. Rs.17 C. Rs.20 D. Rs.9
5	Which of the following is a function of money	A. Medium of exchange B. Store of value C. Unit of accounting D. All of the above
6	For commodities, X and Y, the possibilities are X is preferred to Y, Y is preferred to X or X and Y are equally preferred, In indifference curve analysis, this is known as the.	A. Comparability assumption B. Transitivity assumption C. Non seriation assumption D. Reflexivity assumption
7	The method most commonly used to test the overall significance of a regression is.	A. The t test B. The F -test C. Chi square test D. R
8	Allocative efficiency is achieved under which of the following market structures.	A. Perfect competition B. Monopolistic competition C. Oligopoly D. Monopoly
9	Which of the following is an automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
10	Which of the following does not apply to pareto efficiency.	A. Consumptive efficiency B. Productional efficiency C. Allocative efficiency D. Equity
11	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
12	The elasticity of demand for cigarettes by a non smoker is.	A. Unitary price elastic B. Relatively price elastic C. Perfectly price elastic D. Perfectly price inelastic
13	If a person's MPC is always two thirds and that person's break even point is Rs. 6,000, at a disposable income of Rs.9,000 the person's consumption expenditures will be.	A. Rs. 8,000 B. Rs. 5,000 C. Rs.6,000 D. Rs.7500
14	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.	ALess of both commodities BMore of both commodities C. More of Y. D. None of the above
15	As disposable income increases from Rs. 1500 to 2000 , saving increases from minus Rs. 50 to Rs.250 if the relationship between disposable income and saving is linear, the MPC obviously has a value of.	A6 B8 C4

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16	If A is preferred to B and B is preferred to C and there is indifference between A and D	A. D is preferred to C B. B is preferred to D C. There is indifference between C and D D. There is indifference between B and D
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 ouput.
18	The marginal rate of substitution for two goods can be obtained from	A. The slope of the demand curve B. The slope of the indifference curve C. The ration of first derivative of the total utility functions D. B and D both
19	Given a proportional income tax and a government budget that is currently in balance, an increase in autonomous investment ceteris paribus, Increases equilibrium income and the budget.	A. Remains is balance B. Has a surplus C. Has a deficit D. None of these
20	If the government lower taxes by \$10 billion, the Real GDP will rise by	A. More than \$10 billion B. Less than \$10 billion C. Exactly \$10 billion D. None of these