

PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	The income effect of a price change	A. Is always positive B. Is always negative C. May be positive or negative D. Is associated with a change in nominal income
2	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
3	Price discrimination occurs when	A. A commodity has different elasticity in different markets B. Same elasticity in different markets C. Unitary elasticity different markets D. Noe of these
4	An exceptional demand curve is.	A. Vertical B. Horizontal C. Downward sloping D. Positive slope
5	Finance minister tax a commodity	A. having elastic demand B. ignore elasticity C. Having unti elastic demand D. Having unit elastic demand
6	A firm A's break even quantity is.	A. 10 units B. 40 units C. 50 units D. 30 units
7	A monopoly there is	A. No difference between firm and industry B. A few firms C. Lot of firms D. none of these
8	In pure monopoly there is.	A. A lot of firms B. Two firms C. A single firm D. Many firms
9	The law of diminishing marginal returns to a factor of production is.	A. Not applicable B. Another explanation of economies of scale C. A principle of scales D. None of these
10	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
11	In contract to perfectly competitive markets monopolists	A. Do no have to worry about market demand B. Sell only if demand is inelastic C. Can never incur an economic loss D. Can earn an economic profit indefinitely
12	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
13	If a monopoly is unable to cover its short run variable costs, if should.	A. Shut down B. Raise price C. Lower price D. Increase output
		A. One seller serving the entire market B. When each firm sells an identical

14	Which of the following is a characteristics of monopolistic competition.	product C. When firms do not compete on a product's quality price and marketing. D. When firms are free to enter and exit the market
15	Which of the following does not characterize monopolistic competition.	A. Product differentiation B. Many producers C. Absence of advertising D. Some control over price
16	If there is no price surprise, total output is.	A. 50 B. 150 C. 400 D. 200
17	The marginal rate of substitution of two goods can be obtain from	A. Slope of budget line B. Slope of demand curve C. Slope of indifference curve D. None of these
18	In perfect competition the industry will be in equilibrium.	A. when all the firms earning abnormal profit B. When all the firms earning normal profit C. All firms having loss D. All firms having profit
19	Skills that embodied in a person are called.	A. Human capital B. Embodied skills C. Physical capital D. Experience skills
20	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