

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	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
2	The firms average variable cost of the 150th unit is.	A. Rs.15 B. Rs.17 C. Rs.20 D. Rs.9
3	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
4	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
5	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
6	Allocative efficiency is achieved under which of the following market structures.	A. Perfect competition B. Monopolistic competition C. Oligopoly D. Monopoly
7	Which of the following is an automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
8	Which of the following does not apply to pareto efficiency.	A. Consumptive efficiency B. Productional efficiency C. Allocative efficiency D. Equity
9	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
10	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
11	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
12	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
13	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.	A. .6 B. .8 C. .4 D. .2
14	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
		A. Represents a physical relationship

15	A production function for a firm which produces a product with two or more inputs.	<p>between outputs for a specified set of inputs</p> <p>B. Indicates the least cost combinations of inputs for a given output</p> <p>C. Relates revenues and costs</p> <p>D. Indicates the dollar cost for each level of output.</p>
16	The marginal rate of substitution for two goods can be obtained from	<p>A. The slope of the demand curve</p> <p>B. The slope of the indifference curve</p> <p>C. The ration of first derivative of the total utility functions</p> <p>D. B and D both</p>
17	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.	<p>A. Remains in balance</p> <p>B. Has a surplus</p> <p>C. Has a deficit</p> <p>D. None of these</p>
18	If the government lower taxes by \$10 billion, the Real GDP will rise by	<p>A. More than \$10 billion</p> <p>B. Less than \$10 billion</p> <p>C. Exactly \$10 billion</p> <p>D. None of these</p>
19	The same graph shows that the firm order to maximize profits , should produce.	<p>A. 30 units charges a price of Rs. 16</p> <p>B. 20 Units and charge a price of Rs. 22</p> <p>C. 35 Units and charge a price of Rs. 12</p> <p>D. 38 units and charge a price or Rs. 10</p>
20	According to Keynes, when the great depression started the government should be.	<p>A. Done nothing</p> <p>B. Decreased the money supply</p> <p>C. Had a large increase in government spending.</p> <p>D. Enacted high tariffs such as the smoot Hawley tariff</p>
21	If the price of factor A is Rs.8.00 per hour, and its marginal product is 10 units, and the price of factor B is Rs. 5.00 and its marginal product is 9, is the producer is likely to.	<p>A. Hire more of A and less of B</p> <p>B. Hire more of B and less of A</p> <p>C. Start paying factor A more</p> <p>D. Try to use factor B more productively</p>
22	A linear homogenous production function would reveal.	<p>A. Constant returns to scale</p> <p>B. Increasing returns to scale</p> <p>C. Decreasing return to scale</p> <p>D. Doubling all inputs would more than double output</p>
23	A price cross elasticity of 0.81 between X and Y shows that.	<p>A. They are complementary goods</p> <p>B. They are competitive substitutes</p> <p>C. They are not substitutes</p> <p>D. a reduction in the price of one would cause an increase in the consumption of the other.</p>
24	In an industry with a falling long term supply curve, which of the following is true.	<p>A. Industry unit cost are constant</p> <p>B. Industry unit costs are decreasing</p> <p>C. Industry unit costs are increasing</p> <p>D. Industry unit costs cannot be determined</p>
25	Which of the following is NOT an example of non price competition the auto industry.	<p>A. End of the year discounts</p> <p>B. Zero percent auto loans</p> <p>C. Television advertising</p> <p>D. Establishing market niches</p>
26	Disposable income is equal to.	<p>A. National income</p> <p>B. National income minus taxes plus transfers</p> <p>C. Real GDP</p> <p>D. National income Minus taxes</p>
27	An increase in the discount rate at the FED generally has the following effect on bond prices.	<p>A. There is no demonstrated effect</p> <p>B. Such an increase tends to lower bond prices.</p> <p>C. Such an increase tends to raise bond prices</p> <p>D. Bond prices are related to the government purchase and sale of bonds.</p>
28	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.	<p>A. 70</p> <p>B. 95</p> <p>C. 700</p>

-
- 29 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.
-
- 30 An entrepreneur who collects profits in the short run for a new invention is collecting.
- A. The competitive rate of return on capital
 - B. Temporary monopoly profit
 - C. Rent
 - D. A Ramsey surplus
-