

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	In monopolistic competition, firms desire to sell more output at equilibrium because.	A. Price is greater than average cost B. Price is greater than average variable cost C. Price is greater than marginal cost D. Price is equal to marginal revenue
2	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
3	Given the cost data indicated in the table above the average variable cost of producing 7 units of output is	A. Rs.37 B. Rs.29 C. Rs.31 D. Greater than Rs.37
4	If average variable cost is less than marginal cost then certainly.	A. Per unit total cost is rising B. Per unit total cost is constant C. Per unit total cost is falling D. Per unit variable cost is rising
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 classified as.	A. Employed B. Unemployed C. Not in the labor force D. None of these
6	Immediately after a trough we would expect to have a	A. Peak B. Recession C. Recovery D. Another trough
7	An economy that fails to realize all of its potential gains from specialization is.	A. Achieving productive efficiency B. Operating outside its production possibilities curve C. Operating on its production possibilities curve in an inefficient manner D. Operating inside its production possibility curve
8	A production possibilities curve indicates that when resources are being used efficiently	A. More of one good can be produced only if less of another good is produced B. More of one good can be produced only if its price is lowered C. Producing more of one good result in greater production of other goods D. More of one good can be produced without producing less of other goods
9	When economists say that a person is economizing they mean that the person is.	A. making choices to gain benefits at lowest possible cost B. Making a lot of money C. Purchasing goods that are generic cheap or of low quality D. Learning how to run a business more effectively
10	The epigram "time is money" expresses , in part, the concept of.	A. Opportunity cost B. Comparative advantage C. Specialization D. Efficiency in production
11	In perfect competition there is.	A. Many buyers B. Many sellers C. Homogeneous product D. All of these
12	Perfect competition implies	A. Homogeneous goods B. Inferior goods C. Superior goods D. Differential goods
		A. when all the firms earning

13	In perfect competition the industry will be in equilibrium.	abnormal profit B. When all the firms earning normal profit C. All firms having loss D. All firms having profit
14	A Market situation where the number of buyers is very large and the number of sellers are very small is called.	A. Perfect competition B. Duopoly C. Oligopoly D. In perfect competition
15	Price discrimination is possible	A. Oligopoly B. Duopoly C. Perfect competition D. Monopoly
16	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
17	$MC = MR = AR = AC = \text{Price}$ shows the long run	A. Monopolist firm B. Oligopolistic firm C. Competitive firm D. Both a and b
18	A profit maximizing monopolist in two separate markets will	A. Charge different price according to elasticity B. Charged same price C. Charged very high price D. Charged very low price
19	In monopoly the firm can	A. Price B. Output C. Either price or output D. Both a and b
20	A monopoly there is	A. No difference between firm and industry B. A few firms C. Lot of firms D. none of these
21	In perfect competition price is settled by	A. Sellers B. Buyers C. Producers D. Both a and b
22	In perfect competition, a seller by increasing price.	A. Sell more B. Produce its revenue C. Decrease cost D. Sell nothing
23	In pure monopoly there is.	A. A lot of firms B. Two firms C. A single firm D. Many firms
24	In perfect competition a firm is.	A. Price taker B. Price setter C. Independent D. Dependent
25	In monopolistic competition firm sell	A. Same goods B. Differential goods C. Inferior goods D. Superior goods
26	Short run is a time frame where a firm can change its.,	A. Total cost B. Total production C. Plant size D. None of these
27	A combination labour and capital where the cost of an output is minimized is called.	A. Optimum factor combination B. Good combination C. Least combination D. Substitutes combination
28	The Isoquant curve shows different combinations of two factors of production which give the producer.	A. Different level of output B. High level of output C. low level of output D. Same level of output
29	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

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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