

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	If a firm which polluted the water of area had to pay all social cost would have	A. Small output B. Large output C. Heavy output D. B and C
2	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
3	If the price elasticity of demand for a non giffen good is inelastic are decreased in its price result in.	A. Increase in demand B. Decrease in demand C. Increase in total revenue D. Decrease in total revenue
4	In the short run the competitive firm will produce if.	A. Price is equal to marginal cost B. Price is equal to marginal revenue C. Price is equal to total cost D. Price is equal to are greater than average variable cost.
5	In the short run, the supply of farm commodities is.	A. Inelastic B. Less elastic C. More elastic D. Undetermined
6	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
7	The downward kinked demand curve facing the individual oligopolistic implies that	A. He face price certainty B. Competitors have a tendency to follow price decreases but not price increase C. Total revenue remains same if a firm increases price D. None of these
8	The supply curve of a perfectly competitive firm	A. Includes the upward sloping portion of the marginal cost B. Is equal to entire margin cost C. Includes the downward sloping portion of marginal cost D. None of these
9	in monopolistic competition the firms desire to sell more output at the equilibrium because.	A. Price is more than marginal cost B. Price is less than marginal cost C. Price is less than average cost D. Price more than average cost
10	The supply curve of a monopolist is always.	A. More elastic B. Less elastic C. undefined D. Steeper
11	When the demand curve is a straight line the elasticity of demand at the center point will be.	A. Equal to zero B. infinite C. More than one D. Equal to one
12	In case of complimentary goods, if the price of one commodity falls there will be.	A. Rise in demand of other commodity B. Fall in demand of other commodity C. Fall is demand of both commodities D. Nor charge
13	An exceptional demand curve is.	A. Vertical B. Horizontal C. Downward sloping D. None of these

		D. Positive slope
14	The income elasticity of inferior goods is	A. Zero B. Positive C. Negative D. Unitary
15	Cross -elasticity following commodities is very high	A. Compliments B. Normal C. Goods substitutes D. Good compliments
16	A monopolist who is charging high price operates on.	A. inelastic part of demand curve B. Elastic demand of part curve C. Ignore elasticity D. More elastic demand of part curve
17	Finance minister tax a commodity	A. having elastic demand B. ignore elasticity C. Having unit elastic demand D. Having unit elastic demand
18	When the demand curve is vertical its shows that the demand is.	A. Less elastic B. Very high elastic C. Elastic D. Perfectly inelastic
19	when there is huge change in demand following method is used to measure elasticity of demand.	A. Percentage method B. Arc method C. Point method D. Other method
20	The demand curve of unitary elastic commodity is.	A. Rectangular hyperbola B. Parabola C. Straight line D. None of these
21	Which of the following taxes is regressive	A. The federal income tax B. The state income tax C. The sales tax D. The Medicare tax
22	One of the following has more elastic demand.	A. A commodity with substitutes B. A commodity having more than one use C. A commodity commonly use D. None of these
23	The tax is question 52 is	A. Progressive's B. Regressive C. Proportional D. None of these
24	An income demanded curve of an inferior good is.	A. Same in slope B. Upward is slope C. Downward in slope D. None of these
25	Extension and contraction of demand mean	A. Movement on the same demand curve B. Movement to high demand curve C. Movement to lower demand curve D. Movement to another demand curve
26	change in quantity demanded	A. Downward shift of demand curve B. Movement on the same demand curve C. Downward shift D. None of these
27	Duopoly is a market situation when there is	A. Single seller B. Many seller C. Two seller D. Few seller
28	The largest source of tax revenue for the federal government is	A. The prerenal income tax B. The social security tax C. the property tax D. The sales tax
29	A demand curve is not related to	A. The time period B. The price of the commodity C. The price of substitution D. Any of above
30	A typical demand curve cannot be	A. Rising upwards to the right B. A straight line C. Concave to origin

