

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	The price mechanism cannot.	A. Act as a signal B. Act as an incentive C. Act as a rationing device D. Shift the demand curve
2	A movement along the supply curve may be caused by	A. A change in technology B. A change in the number of producers C. A shift in demand D. A change in costs
3	A subsidy paid to producers.	A. Shifts the supply curve B. Shifts the demand curve C. Leads to a contractional supply D. Leads to an extension of supply
4	A movement along the demand curve may be caused by	A. A change in income B. A change in the number of buyers C. A change in advertising D. A shift in supply
5	If the price was fixed below the equilibrium price there would be.	A. Excess supply B. Excess demand C. Equilibrium D. Down ward pressure on prices
6	Assuming a downward sloping demand curve and upward sloping supply curve a higher equilibrium price may be caused by.	A. An fall in demand B. An increase in supply C. Improvements in production technology D. An increase in demand
7	A shift in supply will have a bigger effect on price than output if demand is.	A. Income elastic B. Income inelastic C. Price elastic D. Price inelastic
8	A reduction in the costs of production will	A. Lead to a movement along the supply curve B. Shift the demand curve C. Shift the supply curve D. Lead to an extension of supply
9	An increase income will	A. Lead to a movement along the demand curve B. Shift the supply curve C. Shift the demand curve D. Lead to an extension of demand
10	If demand increase in a market this will usually lead to.	A. A higher equilibrium price and output B. a lower equilibrium price and higher output C. A lower equilibrium price and output. D. A higher equilibrium price and lower output
11	An increase in productivity should.	A. Lead to a contraction of supply B. Lead to an expansion of supply C. Lead to a shift in supply outwards D. Lead to higher equilibrium and lower equilibrium quantity.
12	An increase in price all other things unchanged leads to.	A. A shift in supply out wards B. A shift in supply in wards C. A contraction of supply D. An extension of supply
13	An increase in the costs of production will	A. Shift demand out wards B. Shift demand in wards C. Shift supply out wards so more is supplied at each and every price all other things unchanged. D. Shift supply inwards

14	A contraction in supply occurs when	A. Demand shifts outwards B. The supply curve shifts inwards C. The quantity supplied falls when the price falls D. The supply curve shifts outwards
15	A supply curve that starts at the origin has	A. A price elasticity of supply greater than one B. A price elasticity of supply equal to one C. A price elasticity of supply less than one D. A positive price elasticity of supply
16	Supply is likely to be more price elastic.	A. In the short run rather than the long run B. If factors of production are relatively immobile between industries. C. If there are very few producers D. If it is easy to expand output
17	If demand is price inelastic.	A. An increase in price must raise profits B. An increase in price decreases revenue C. An increase in price increase revenue D. A decrease in price reduces sales.
18	The bowed shape of the production possibilities curve illustrates.	A. The law of increasing marginal cost B. the production is inefficient C. That production is unattainable D. The demand is relatively inelastic
19	If product an inferior good.	A. Demand is inversely related to income B. Demand is inversely related to price C. Demand is directly related to price D. Demand is inversely related to the price of substitutes
20	An increase in price all other, things unchanged leads to.	A. Shift demand outwards B. Shift demand inward C. A contraction of demand D. An extension of demand
21	An increase in the price of a complement or produce.A would.	A. Shift demand for product A outwards B. Shift demand for product A inwards C. shift supply for product A outwards D. Shift supply for product A inwards
22	If marginal utility is zero.	A. Total utility is zero B. An additional unit of consumption will decrease total utility C. An additional unit of consumption will increase total utility D. Total utility is maximized
23	According to the law of diminishing utility.	A. Utility is at a maximum with the first unit B. Increasing units of consumption increase the marginal utility C. Marginal product will fall as more units are consumed D. Total utility will rise at a falling rate as more units are consumed
24	Demand for a normal product may shift outwards if.	A. Price decreases B. The price of a substitute falls C. the price of a complement rises D. Income falls
25	There are three fundamental questions every society must answer Which of the following is one of these questions.	A. What goods and services are to be produced. B. How are the good and services to be produced. C. Who will get the goods and services what are produced. D. All of the above
26	Any combination of products inside the production possibility frontier is	A. Allocatively inefficient B. X inefficient C. Consumer inefficient

C. Constantly increasing
D. Productively inefficient

27 The resources in an economy are

A. Constantly increasing
B. Fixed at any moment
C. Constant decreasing
D. Able to be transferred easily between industries

28 The resources in the economy do not include.

A. Demand
B. Land
C. Labor
D. Capital

29 An economy may operate outside the production possibility frontier it.

A. It is not utilizing its resources fully
B. It is being productively efficient
C. It is a mixed economy
D. It is trading with other economies

30 In a free market the combination of products produced will be determined by.

A. Market forces of supply and demand
B. The government
C. The law
D. The public sector