PPSC Economics Topic 2 Micro Economics

Sr	Questions	Answers Choice
1	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
2	In an industry with a falling long term supply curve, which of the following is true.	A. Industry unit cost are constant B. Industry unit costs are decreasing C. Industry unit costs are increasing D. Industry unit costs cannot be determined
3	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
4	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.
5	Suppose an individual spends all his income on only two goods, good X and good Y moreover suppose that you were asked to derive his price consumption curve for good Y Which of the following would be allowed to very.	A. Money income B. The tastes of the consumer C. The price of good X D. The price of good Y
6	Finance minister tax a commodity	A. having elastic demand B. ignore elasticity C. Having unti elastic demand D. Having unit elastic demand
7	Duopoly is a market situation when there is	A. Single seller B. Many seller C. Two seller D. Few seller
8	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
9	What is the per unit marginal cost of increasing production from 20 to 25 units.	A. Rs. 3,500 B. Rs.100 C. Rs.4,000 D. Rs.500
10	If consumers spend 15 million a month on CDs, regardless of whether the prrice they pay goes up or down that implies that their price elasticity of demand for CDs is.	A. 0 B. 1 C. Infinite D. 15
11	Labour has the following characteristics accept one.	A. It cannot be separated form labourer B. It cannot be stored C. Its supply cannot be increase at once D. Bargaining power of laborer is very strong
12	In substitution effect a consumer	A. Shifts away from the commodity which price has risen B. shifts in favor of commodity which price has risen C. shifts away from the commodity which price has fallen D. None of these
13	BATA's marginal utility per dollars is .8 for both shorts and running shoes,. To attain her consumer equilibrium BATA should.	A. Buy an additional pair of shorts B. Buy an additional pair of both items C. Possibly not make any adjustment in her behavior

		D. Sell her shorts and keep her shoes
14	When due to change in price of commodity x demand of commodity y is charged it is called.	A. Income elasticity B. Price elasticity C. More elastic D. Cross elasticity
15	A production possibilities curve indicates that when resources are being used efficiently	A. More of one good cna 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 product without producing less of other goods
16	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
17	What is the production level for public good W, if the government uses full cost pricing.	A. Q = 2 B. Q = 5 C. Q= 4 D. Q = 6
18	According to Keynes, when the great depression started the government should be.	A. Done nothing B. Decreased the money supply C. Had a large increase in government spending. D. Enacted high tariffs such as the smoot Hawley tariff
19	Which of the following is correct with respect to the Paasche index.	A. The consumer Price index is an example of the Paasche index. B. The Paasche index is biased upward C. The Passche index always exceeds 1 D. The Paasche index uses given period quantities
20	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