

PPSC Past Papers for Lecturer in Economics

- Q.1 Identify the author of "The Principles of Political Economy Taxation".
(A) Alfred Marshall (B) J.S. Mill
(C) David Richard (D) A. Turgot
- Q.2 Which of the following theories of trade cycle was propounded by W.S. Jevons?
(A) Monetary Theory
(B) Sunspot Theory
(C) Saving Investment Theory
(D) Innovation Theory
- Q.3 "The Strategy of Economic Development" is the work of:
(A) S. Kuznet (B) H. Liebenstein
☒ (C) A.O. Hirshman (D) H. Myint
- Q.4 Among the following Noble Prize winners for Economics one is an Austrian Economist:
(A) George Stigler ☒ (B) F.V. Von Hayek
(C) Simon Kuznet (D) Herbert A. Simon
- Q.5 Capital and Development Planning is the work of:
☒ (A) Ghakarvarty (B) W.A. Lewis
(C) A.K. Dasgupta (D) N. Kaldor
- Q.6 Who is the author of "Choice of Technique"?
(A) K.N. Raj ☒ (B) Amartya Sen
(C) W.B. Redaway (D) J.R. Harris
- Q.7 Who the author of the famous work "Asian Drama" An Enquiry into the causes of poverty of Nations?
(A) Paul Streeten (B) Irving Fisher
☒ (C) Gunnars Myrdal (D) Kinsley Davis
- Q.8 The Elasticity of Substitution between two perfect substitutions is:
(A) Zero
(B) Greater than Zero
(C) Less than Infinity
☒ (D) Infinity
- Q.9 A vertical supply curve parallel to the price axis implies that the elasticity of supply is:
☒ (A) Zero
(B) Infinity
(C) Equal to one
(D) Greater than zero but less than unity
- Q.10 A significant property of the Cobb-Douglas production function is that the Elasticity of Substitution between is:
☒ (A) Equal to Unity (B) More than Unity
(C) Less than Unity (D) Zero
- Q.11 Which one of the following is also known as plant curves?
☒ (A) Long-run Average Cost (LAC) Curves
(B) Short Run Average Cost (SAC) Curves
(C) Average Variable Cost (AVC) Curves
(D) Average Total Cost (ATC) Curves
- Q.12 Which of the following oligopoly models is concerned with maximization of Joint Profits?
(A) Price leadership model
(B) Bertrand's model
☒ (C) Collusive model *→ cartel*
(D) Edgeworth model
- Q.13 The term normal profit as used in the analysis of Equilibrium of the firm under perfect competition refers to:
☒ (A) Earning of management
(B) Reward of Enterprise
(C) Reward of Innovation
(D) Residual income of a business.
14. Stagflation refers to a situation which is characterized by:
(A) Deflation and rising unemployment
(B) Inflation and Deflation
☒ (C) Sustained price rise and rising unemployment
(D) None of these
- Q.15 The multiple exchange rates were first employed by:
(A) Brazil (B) Ecuador
(C) Peru ☒ (D) Germany
- VIP*
Q.16 Gross domestic production differs from net domestic product by the amount of:
☒ (A) Govt. Income from property
(B) Net Indirect taxes
☒ (C) Consumption of fixed capital
(D) Net capital formation
- Q.17 The Theory of Surplus value is associated with:
(A) Communism ☒ (B) Guild Socialism
(C) Socialism (D) Fabian Socialism
- Q.18 The Production possibility curve is concerned with
☒ (A) Opportunity cost

(B) Resources of the Economy

(C) General Equilibrium

(D) None of them

Q. 19 In case of complementary goods 10 can be :

(A) Convex

(B) Concave

(C) Straight line

(D) L-shaped

Q.20. In case of Monopoly when total revenue is maximum :

(A) Mr. Positive

(B) Mr. rises

(C) Mr. falls

(D) Mr. zero

Q.21. In non collusive oligopoly firms enter into :

(A) Secret agreements

(B) No secret agreement

(C) Competition

(D) No Competition

Q.22. The pay-off matrix show2. The pay-off matrix shows :

(A) Possible outcomes

(B) Possible benefits

(C) Possible losses

(D) none of them

Q.23 The Prisoners dilemma was presented by A.W tucicer :

(A) 1930

(B) 1940

(C) 1950

(D) 1960

Q.24 The slope of indifference curve at any point reflects:

(A) Income level

(B) Prices

(C) Utility, level

(D) marginal rate of substitution

Q.25 effective price ceiling usually results in:

(A) Excess Demand

(B) Excess Supply

(C) A decrease in demand

(D) A decrease in supply

Q.26 the "Invisible hand" refers to:

(A) Unseen Govt. Control of the Economy

(B) Intangible goods produced in the Economy

(C) The unseen coordination of market economics by the prices-system

(D) done of these.

Q.27 the economic models are consisted of:

(A) A statement and Assumption

(B) Hypothesis

(C) Prediction

(D) All of these

Q.28. Supply-side economists believe reductions n tax rates can:

(A) Decrease output and lower prices

(B) increase output and lower prices

(C) Decrease aggregate supply

(D) Shift aggregate supply to the left.

Q.29. Hyper-inflations have one cause:

(A) Excess demand for wage increases by workers

(B) Defence spending

(C) Excess monetary growth

(D) Wage and price control

Q.30. the equation of Exchange is written:

(A) MQ

(B) $MP=QV$

(C) $MV=PQ$

(D) $MQ=GDP$

Q.31 in the aggregate supply curve is horizontal it means that:

(A) Firms cannot increase output

(B) Firm are unwilling to increase output

(C) Finns will increase output only if prices rise

(D) Firms will increase output at the current pi
ice.

Q.32. In the simple quantity theory model the value of money is determined by:

(A) Velocity

(B) Employment

(C) what money will buy

(D) The quantity of inputs

Q.33. The simple Keynesian aggregate supply curve is:

(A) Upward-sloping as real GDP Increases

(B) Horizontal at GDP levels below full Employment

(C) Based on the concept that all unemployment is voluntary

(D) Downward-sloping as real GDP increases.

Q.34. In a depression economy along a horizontal aggregate supply curve:

(A) Wages and prices are continuously falling

(B) Wages and prices are "Sticky" downwards

(C) Real GDP cannot be increased or decreased

(D) Unemployment is relatively low

Q.35. In the classical model desired saving would always, be equated to desired Investment by:

(A) Flexible wages and prices

(B) The Interest rate

(C) Changes in real output

(D) Govt. efforts to stabilize the economy

Q.36 many supply side economists believe that money supply should be governed by:

- (A) The Federal Open Market Committee
- (B) The Presidential and Congress
- ☒ (C) The Stock of Gold
- (D) None of these.

Q.37 Increases in the unemployment rate above the natural rate are identified with:

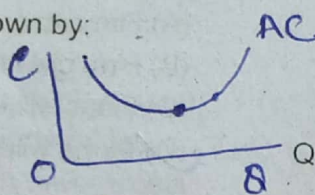
- (A) Economic Expansion
- (B) Structural unemployment
- ☒ (C) Cyclical unemployment
- (D) Frictional unemployment.

Q.38. To which English letter, the Average cost curve resembles:

- (A) I
- (B) T
- ☒ (C) U
- (D) J

Q.39 External Economics are shown by:

- ☒ (A) Rising Supply curves
- (B) Falling Demand Curve
- (C) Falling Supply Curve
- (D) None of these.

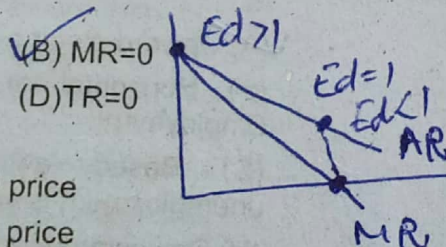


Q.40. If Film produces more than the optimal capacity film obtains,:

- (A) Internal Economics
- (B) External Economics
- ☒ (C) Diseconomies
- (D) Internal and external economics

Q.41. The output level where elasticity of demand is equal to one:

- (A) $AR=0$
- ☒ (B) $MR=0$
- (C) $P=0$
- (D) $TR=0$



Q.42. Market price is:

- (A) Smaller than normal price
- ☒ (B) Greater than normal price
- (C) Equal to normal price
- (D) None of these

Q.43. Convertible money means:

- ☒ (A) Can buy goods
- (B) Govt. can give gold against it
- ☒ (C) Illegal money
- (D) Low value money

Q.44. Demand deposits means:

- (A) Saving Account
- (B) Profit Loss Account
- ☒ (C) Chequeable Deposits
- (D) Time Deposits

Q.45. Balance of Payments of a country has parts;

- (A) 2
- (B) 3
- (C) 4
- (D) 5

MR > MC

Q.46. If a firm's marginal revenue exceeds its marginal cost, maximum profit rules required that firm to:

- (A) Increase its output in both perfect and imperfect competition
- ☒ (B) Increase its output in perfect but not necessarily in imperfect competition
- (C) Increase its output in imperfect but not necessarily in perfect competition
- (D) Decrease in output, in both perfect and imperfect competition.

Q.47. the relationship between marginal revenue and the price elasticity of demand is this: when marginal revenue is:

- ☒ (A) Negative, demand must be inelastic
- (B) Zero, demand must be inelastic
- (C) Positive, demand must be inelastic
- (D) Negative, demand must be unit-elastic

Q.48. Suppose that net exports were to become more sensitive to changes in the Interest rate. You would reflect this change by drawing:

- (A) Steeper LM Curves
- (B) Flatter LM Curves
- ☒ (C) Steeper IS Curves
- (D) Flatter IS curves

Q.49

The position and shape of any indifference curve for any particular consumer are governed by:

- (A) By his or her taste and by the amount of the income or budget.
- ☒ (B) Solely by his or her tastes
- (C) Solely by the prices of the goods bought
- (D) by the prices of the goods bought and by amount of income not by taste.

Q.50. In which of the following circumstances would a 14-411 excise tax be shifted entirely on to the consumers?

- (A) Demand is relatively more price elastic than supply
- (B) Supply displays unitary price elasticity
- ☒ (C) Demand is perfectly inelastic
- (D) Supply is perfectly inelastic

Q.51. In a perfectly competitive industry in long-run equilibrium all firms will:

- (A) Have equal marginal costs
- ☒ (B) Have identical supply curves

- (C) Have identical plant sizes
(D) Have equal fixed costs
- Q.52. Which of the following does not represent a barrier to entry into a market?
☒ (A) Import Quotas
 (B) Patent Laws
 (C) Govt. Franchise
 (D) Anti-Trust legislation →
- Q.53. In the dominant firm model, the profits of the Competitive fringe are:
 (A) Always Negative because the dominant firm is trying to run them out of business
 (B) Always Zero because of the Competitive nature of the fringe.
 (C) Always positive because the fringe is more efficient than the dominant firm
☒ (D) Either positive or Zero, but never negative. ?
- Q.54. In his General Theory of Employment, Keynes pointed out that:
 (A) The economy automatically tends towards full employment equilibrium
 (B) If there is unemployment, there is also likely to be inflation
☒ (C) The economy may be in equilibrium at less than full employment
 (D) The interest rate is insignificant
- Q.55. In the, wealth of Nations Adam Smith attempted to demonstrate the following about International trade:
 (A) Tariffs and quotes should be used to protect domestic Industries
 (B) When countries specialize and trade would wealth is enhanced
 (C) Countries should be self sufficient and produce all Commodities they consume
☒ (D) Countries should produce only those commodities for which they have absolute advantage.
- Q.56. to avoid double counting when the GNP is estimated, economists:
 (A) Price all goods and services bought and sold in all markets
☒ (B) Use the GNP deflator
 (C) Price only intermediate goods
 (D) Only price goods for sale at retail shops
- Q.57. With $K=0.15$, what is the ratio of the transactions demand for money to the speculative demand for money?
 (A) 3 to 1
 (B) 5 to 4
☒ (C) 5 to 1
 (D) 4 to 1
- Q.58. Optimality, as defined by Vilfredo Pareto, occurs when
 (A) Monopolies are required to produce, where price is equal to marginal cost
 (B) The economy is operating at full employment.
☒ (C) thinking persons weight benefits and costs of welfare programs
 (D) One or more persons benefit and are willing to compensate injured parties.
- Q.59. the Law of diminishing marginal returns-to a factor of production is:
☒ (A) Not applicable in the long run
 (B) Another explanation for economies of scale
 (C) Not applicable in the short run
 (D) None of these.
- Q.60. the risk-free rate of Interest would not be affected by:
 (A) Changes in real output
 (B) Changes in the money supply.
 (C) term to maturity (D) None of these.
- Q.61. A variable whose value is determined within an economic theory or model is:
 (A) Exogenous (B) Independent
☒ (C) Endogenous (D) Deterministic
- Q.62. A linear, downward-sloping demand curve.
 (A) Has constant elasticity along its entire length
 (B) Represents unitary elasticity
☒ (C) Has different elasticities along its length
 (D) Represents purely competitive firms demand curve.
- Q.63. A decrease in the marginal propensity to import will lead to :
☒ (A) An increase in GNP
 (B) Lower the multiplier
 (C) In increase in imports
 (D) Decrease in exports
- Q.64. Terms of Trade" between two countries refers to a ratio of:
☒ (A) Export prices to import prices
 (B) currency values
 (C) Exports to Imports
 (D) None of these.
- Q.65. In Liquidity Trap Region:
☒ (A) Monetary Policy is completely ineffective
 (B) Fiscal Policy is not effective
 (C) Monetary Policy is completely effective
- $$\frac{P_x}{P_y}$$

(D) Fiscal and Monetary policy are equally effective

Q.66. In Oligopoly, the idea of Kink is used to explain

- (A) Sickness of Industry (B) Sickness of output
(C) Sickness of output (D) Sickness of price

Q.67. In sweezy Model; the role of MC curve:

- (A) Can be ignored
(B) Cannot be ignored
(C) cannot partially be ignored
(D) None of them

Q.68. In Bertrand Model the role of MC curve :

- (A) Allowed (B) Partially allowed
(C) Banned (D) None of these

Q.69. In Nash Equilibrium, a player:

- (A) Deviates from his strategy
(B) Does not deviate from his strategy
(C) Does not think in a good way
(D) None of these.

Q.70. The higher Isoquants Is an Edgeworth box diagram show:

- (A) Lower output (B) Higher output
(C) Negative output (D) Positive output

Q.71. Welfare Economist creates

- (A) High Profits (B) great utility
(C) Negative output (D) Positive output

Q.72. Special Drawing Yllghts are financial assets Created by:

- (A) The World Bank
(B) The United Nations Development Programme
(C) Multinational Corporations
(D) The International Monetary Fund

Q.73. Harrod Domar : Model is based upon

- (A) There distinct rates of growth
(B) Two distinct res. of Growth
(C) Four distinct rates of Growth
(D) Four distinct rates of growth

Q.74. The value of Gini of Coefficient ranges below:

- (A) Zero and one (B) One and Infinity
(C) Zero and Infinity (D) One and three

Q.75. Accounting price is also known as:

- (A) Finance price (B) Govt. Price
(C) Basic Price (D) Shadow Price

Q.76. Marketable surplus is also known as:

- (A) Net Agricultural Surplus
(B) Total Agricultural Surplus

(C) Gross Agricultural Surplus

(D) Retained Agricultural Surplus

Q.77. Reverend Thomas Malthus presented a theory which describes a relationship between population growth and Economic Development in his essay on the principle population in:

- (A) 1778 (B) 1788
(C) 1798 (D) 1795

Q.78. Traditionally , it is said that the rapid economic growth is :

- (A) Beneficial for poor (B) Harmful for poor
(C) Harmful for rich (D) for rich beneficial

Q.79. Because of inequalities and absolute poverty, the social and physical disincentives for economic growth will:

- (A) Fall (B) Remain constant
(C) Rise (D) Become Zero

Q.80. the Quasi Rent rises when prices of Capital goods rise because of Limited Supply of Capital goods in:

- (A) Long-run (B) Short run
(C) Long and short run (D) None of them

Q.81. The Income and Price Elasticity of demand for agricultural goods In world markets is:

- (A) Very High (B) High
(C) Very low (D) Zero

Q.82. Excess capacity is concerned with the:

- (A)-V-shaped traditional cost
(B) S-.Shaped traditional cost
(C) U-shaped traditional cost
(D) J-shaped traditional cost.

Q.83 The Engineering Production Function and Engineering Costs Curves are concerned with the:

- (A) Production cost (B) Collection cost
(C) Raw material costs (D) Distribution cost

Q.84. According to Baumol-Tobin Cash Management Model, money gives:

- (A) Convenience (B) Interest forgone
(C) Both A and B (D) None of these

Q.85. When the critical rate of Interest is lower than actual rate of interest, the bond holder will keep all wealth in tie form of:

- (A) Cash (B) Cheque
(C) Bonds (D) Golds

Q.86. The regressive expectations model is presented by:

- (A) Keynes (B) Tobin
(C) Hicks (D) Carnot

- Q.87. Slope of L.M. is determined by sensitivity of money demand to:
- (A) Real Income (B) Rate of Interest
☒ (C) Both A and B (D) None of these
- Q.88. The reserve-deposit ratio is determined by:
- (A) Statistical policies of Bank
 (B) Fractional Policies of Banks
 (C) Business policies of Banks
☒ (D) All of these.
- Q.89. The simplest definition of money supply is:
- (A) $M1 = C + D$ (B) ☒ $M1 = C + D$
 (C) $M1 > C + D$ (D) $M1 < C + D$
- Q.90. The classical LM curve is:
- (A) Horizontal (B) Bell-shaped
 (C) Vertical (D) None of these
- Q.91. In liquidity trap when prices fall due to cut in monetary wages, economy will attain
- (A) Inflation (B) Poverty
☒ (C) Unemployment (D) Deflation
- Q.92. - Alexander Hamilton and Friedrich developed the infant industry argument of a tariff, based on
- ☒ (A) Increasing returns
 (B) Decreasing cost
 (C) Both A & B
 (D) None of these
- Q.93. Normal unemployment can be divided into:
- (A) Three main categories
 (B) Two categories
☒ (C) Five categories (D) None of these
- Q.94. In case of Monopoly when TR falls then:
- (A) $E > 1$ (B) $E = 1$
☒ (C) $E < 1$ (D) $E = 0$
- Q.95. A firm in case of Monopoly is:
- (A) Price taker (B) price Setter
 (C) Trend Setter (D) None of these
- Q.96. The Average total cost is:
- (A) $ATC = APC$ ☒ (B) $TC = ASC$
 (C) $ATC > APC = FASC$ (D) $ATC = APC = ASC$
- Q.97. Human Capital is formed through the Education of while knowledge capital is created through Expenditures research and development and.:
- (A) Learning through reading
 (B) Learning through writing
☒ (C) Learning through doing
 (D) Learning through teaching
- Q.98. cartels and Price Leadership have been exhaustively analyzed by:
- ☒ (A) W. Fellner (B) W. Ricks
 (C) David Ricardo (D) None of these
- Q.99. Under price Discrimination the buyers must:
- (A) Be similar ☒ (B) Not be similar
 (C) Equal (D) None of these
- Q.100. The Game theory takes into consideration:
- ☒ (A) Reaction of Rival firms
 (B) Reactions of people
 (C) No reaction of Rival firms
 (D) None of these.