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ECONOMICS MCQS

FOR

CSS – PMS

Lecturers, Assistant Professors, BS (Hons), Subject Specialist, GAT (Subject) NTS, and all other Relevant Exams

According to the Syllabus of:

➢ Central Superior Services (CSS)

➢ Provincial Management Services (PMS)

➢ Federal Public Service Commission

➢ Punjab Public Service Commission

➢ Sindh Public Service Commission

➢ KPK Public Service Commission

➢ Baluchistan Public Service Commission

➢ AJ & K Public Service Commission

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The word 'ECONOMICS[i] originates from the Greek term 'OIKONOMIKOS' which can be divided into two parts: 'OIKOS', which means 'HOME', and 'NOMOS', which means 'Management'. Thus, Economics means 'Home Management' or 'managements of house affairs' According to some economist and researcher mention term "economics" has been derived from a Greek Word "Oikonomia" which means "household". Recently more than 15 thousand definition of economics, according to classical economists wealth is economics, according to neo-classical definition economics is wealth + welfare, according to Modern economist means after 1930 , economics is scarcity means , according to neo-modern or Keynesian economists after 1950 economists economics is sufficient utilities,,,, each definition of economics are represents economists era (economics condition , society condition)

Economics characterize various Economics[ii] Schools of Thought like Classical school of thought, Neo-Classical school of thought, Modern school of thought, Keynesian school of thought, Marist school of thought, German Historical School of thought, French Historical School of thoughts, British Historical School of thought, and Austrian School of Thought.

According to some economist 7 schools of thoughts but someone introduced 9 schools of thought. 1. Mercantilism, 2: Physicist, 3: Classical school of thought, 4: Neo-classical school of thought, 5: Marxism school of thought, 6: Austria School of thought, 7: Keynesian School of Thought, 8: Monetarist school of thought, And last one 9: Supply side economist or school of thought. This fundamental change is sometimes called the Marginal revolution.

School of thought Name	Father School of Thought	Period

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Physicorats	Frangois Quesnay[1] (1694-1774)	17th and 16th century Economists
Mercantilism	Thomas Mun (1571-1641)	18th Century Economists
Classical School of Thought	Adam Smith	1776 to 1871
Marxism[2] School of Thought	Karl Marx[3]	1867 To Still
Neo-classical School of Thought	Alfred Marshall[4]	1871 to 1930[5]
Keynesian School of Thought	J.M. Keynes[6]*	1930 to 1970
Monetarist School of Thought	Frank Knight	1970 to 1980

BUSINESS CYCLE[7]

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[1] Farancois Quesnay "Tableau Economique" (1758)

[2] Marxists became divided into three groups:
   a. Economists' group
   b. Plekhanov's group
   c. Lenin's group

[3] KARL MARX (1818– 1883) is a German philosopher, economist, sociologist, Journalist, and revolutionary socialist. He's founder

[4] Alfred Marshall (1842 – 1924) British Neo-classical economist. He is known as one of the founders of neoclassical economics school of though. He was one of the most influential economists of his time. FOLLOWERS: Beveridge , pigou and cannon.

[5] From the 1870 until the 1930, the economic world was basically divided between Neo-Classicals and Institutionalists.

[6] John Maynard Keynes John Maynard Keynes's 1936 book, **'The General Theory of Employment, Interest, and Money'** laid the foundatiClassical school of thought rise in 1776 and Keynesian school of thought rise in 1930. In 1930 classical economics collapse. According to classical school of thought economy is always full employment and according to Keynesian school of thought, full employment concept impossible in realistic world... according to classical economist's economy is always full employment, no overproduction, no unemployment, and no government, but according to Keynesian economists these situation are impossible in realistic world

[7] Business cycle is also known as trade cycle. Business cycle or trade cycle is a part of capitalist system or phenomena. Busine**According to Prof. Haberler** "The business cycle in the general sense may be defined as an alteration of period of prosperity and depression of good and bad trade." **According to McConnell and Prof. Brue** "Business cycle is recurring increases and decreases in the level of economic activity over periods of years. Consists of peak, recession, trough and recovery phases" **According to W. C. Mitchell** "Trade Cycles are the fluctuations in the aggregate economic activity."

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"Clement Juglar[8] was the first to make a systematic study of business cycles in 1860." (J. A. Schumpeter, in 1954)

1. Business cycle or trade cycle is a part of the:

a. Socialism system

b. **Capitalism system**

c. Mixed Economic System

d. None of the above

2. The 'Short Kitchin Cycle[9]' is also known as

a. Major cycle

b. Building cycle[10]

c. **Minor cycle**

d. Both (a) and (b)

3. The 'Long Jugler Cycle[11]' is also known as:

a. Building cycle

b. **Major cycle**

c. Minor cycle

d. Both (a) and (b)

4. 'Very Long Cycle[12] as known as:

a. Jugler Cycle

b. **Kondratieff cycle**

---

[8] In his book 'Des Crises Commercialse, Published in 1860.

[9] The Short Kitchin cycle is also known as minor cycle, which is roughly 40 month duration. (introduced by Joseph Kitchin, who m

[10] Building cycles Introduced to American economists Warren and Pearson in his book **"world Prices and the Building industry"** in 1

[11] Long Jugler Cycle is also known as major cycle. (introduced by French economists Clement Jugler in 1862)

[12] Kondratieff Cycle is also known as Very long Kondratieff cycle (Introduced by Russian economist N.D. Kondratieff, Kondratieff

    c. Pearson Cycle

    d. None of the above

5.   Hawtrey's Monetary theory of Business Cycle[13] as:

a. Purely Non-Monetary Theory

b. Purely Monetary Theory[14]

c. Both of them

d. None of them

CONSUMPTION FUNCTION

1. Consumption function[15] represents the relationship between:

    a. S and C

    b. **C and Y**

    c. C and P

    d. S and Y

2. As the income increases, the consumption expenditure will:

    a. **Increase[16]**

    b. Decrease

    c. Remain same

---

[13] According to Prof. Hawtrey "variations in flows of money are the sole and sufficient determinants of business activity and acc

[14] This theory is also known as "Purely Monetary theory because this theory related to the economy which is under gold standard, **"Good and Bad Trade" i**n 1913.

[15] Consumption function or propensity to consume establish a Relationship between consumption and disposable income, **C=a+bY.** Cons
C = is consumption expenditure
α = is consumption (autonomous consumption) at zero level of income and it remains constant
b = is marginal propensity to consume ($\Delta C/\Delta Y$) or slope of consumption function; and
Y= is level of income.

[16] There is a positive relationship between income and consumption. Income increases, consumption also increases.

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    d. None of these

3. In short-run, the relationship between income and consumption is:

    a. Vertical

    b. Proportional

    c. **Non-proportional**

    d. None of these

4. The slope of the consumption function is equal to the: **(NTS, 2016)**

    a. MPC

    b. APS

    c. APC

    d. MPS

5. The concept of MPC and APC was introduced by:

    a. Kaha

    b. Alfred Marshall

    c. **J. M. Keynes**[17]

    d. None of these

INFLATION AND UNEMPLOYMENT

"Inflation is unjust and deflation is inexpedient" (**Lord M. Keynes, 1936**)

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[17] The concept of Average Propensity to Consume (APC) and Marginal Propensity to Consume (MPC) are introduced by Keynes in his bo

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"Too much money chases too few goods" **(Coulborn)**

The economics of hyperinflation, a chapter in economic pathology, is fairly well known and not very controversial. **(Gottfried Haberler, June 1960)**

1. The term (Inflation[18]) derives from the Latin:
a. Inflaara
b. Inflaria
c. Inflare
d. Inflarea

2. The word inflation first used in:
a. 1930
b. 1834
c. 1838[19]
d. 1842

3. The definition of hyperinflation[20] introduced by the American economist:
a. Philip Cagan (1956)
b. H. R. Hicks (1952)
c. A. C. Pigous (1930)
d. None of the above

4. The term 'Disguised Unemployment' was coined by:

a. Mr. J. M. Keynes in 1947

b. Paul. A Samuelson in 1947

c. Mrs. Joan Robinson in 1947

d. Milton Friedman in 1947

5. The concept of inflation[21] was introduced by:

a. Neo-classical economists

b. Classical economists

---

[18] It's meaning *(to blow up or inflate)*.
[19] First used in 1838 in the context of *an inflation of the currency,* according to the Oxford English Dictionary (1989).
[20] Sometimes hyperinflation refers to high inflation (before Philip Cagan definition)
[21] Inflation means a considerable and persistent rise in the general level of prices over a long period of time. According to G.

  c.   Mercantilist economists

  d.   None of the above

6. The 'demand-pull inflation theory of inflation' was associated to:

a. Milton Friedman

b. **J. M. Keynes**

c. A. C. Pigou

d. Paul A. Samuelson

7. The term 'Agflation[22]" was coined by Merrill Lynch in:

a. 2003

b. 2005

c. **2007**

d. 2009

MULTIPLIER AND ACCELERATOR

1. The concept of multiplier[23] was first presented by:
   a. **R. F. Kahn**
   b. Alfred Marshall
   c. G. Stigler
   d. None of these
2. Multiplier is generally denoted by the letter:
   a. 'M'
   b. 'L'
   c. **'K'**
   d. None of the above
3. Which of the following multiplier introduced by R. F. Kahn in 1931?
   a. Investment multiplier
   b. **Employment multiplier**
   c. Government multiplier

---

[22]The word is a combination of the terms 'agriculture' and 'inflation'. Agflation rising food prices causes by increased demand f

[23] The concept of multiplier was first developed by R.F. Kahn in his article "The Relation of Home Investment to Unemployment" in

    d. Budget multiplier

4. Which of the following multiplier presented by J. M. Keynes in 1936?
   a. **Investment multiplier**
   b. Employment multiplier
   c. Government multiplier
   d. Budget multiplier
5. The concept of Acceleration[24] was first introduced by in 1917?
   a. J. M. Keynes
   b. J. S. Mill
   c. J. B. Say
   d. **J. M. Clark[25]**

NATIONAL INCOME[26]

1. Potential GDP is also known as the:
   a. **Full employment level of output**
   b. Under-employment level of output
   c. Full employment level of labor
   d. Both (a) and (b)
2. The National income accounting concepts was introduced by Noble Prize Laureate:
   a. J. R. Hicks
   b. **Simon Kuznets[27]**
   c. Richard Stone
   d. Gunnar Myrdal
3. National product at factor cost is also known as:
   a. **National Income**
   b. Net National Product
   c. Gross National Product
   d. Personal Income
4. National income does not include:

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[24] Sometimes called 'acceleration principle'

[25] J. M. Clark 'Business acceleration and the law of demand, a technical factor in economic cycles' in 1917. F

[26] **According modern Keynesian economist Prof. Paul A. Samuelson** "National income is the loose name we give for the money measure **According to Prof. Gardener Ackley** "individual's income is the amount of his earning form the productive services currently rendered by him or by his property. National income is nothing more than the sum of all individual's income. "Y=R + W + I + π Where Y = National income R =Rent, W=Wages, I=Interest, π=Profit

[27] Simon Kuznets was first person to obtain comprehensive measures of national output. National Income Accounting is the measurem

    a.   Profits and rents

    b.   Wages and salaries

    c.   Interest on capital

    d.   Transfer incomes

5. Expenditure Method:

    a. $Y=C+I+G+(X-M)$

    b. $Y=C+(NI)+G+(X-M)$

    c.   Both of them

    d.   None of these

Explanation: Net Export equal to export minus imports (NX=X-M), Net Investment is equal to Gross Investment minus depreciation (In=Ig - depreciation).

ISLAMIC ECONOMICS [28] SYSTEM [29]

1. "Kitab-al-Kharaj (A book of Taxation) was written by:

    a. Abu Obaid Qasim Sallam

    b. Qadamah Bin Jafar

    c. Imam Abu Yousaf

    d. Yahya Bin Adam Al-Qarshi

2. "Kitab-al-Kharaj (A book of Taxation) was written by:

    a. Abu Obaid Qasim Sallam

    b. Qadamah Bin Jafar

    c. Yahya Bin Adam Al-Qarshi

    d. None of the above

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[28] Islamic economics is a social science which studies the economic problem of the people imbued with the values of Islam.

[29] The dictionary defines system as "An assemblage of things forming a connected whole or a combination of facts, principles and

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3. "Kitabal-Amwal (A book on wealth and Resources) was written by:

   a. Abu Obaid Qasim Sallam

   b. Qadamah Bin Jafar

   c. Imam Abu Yousaf

   d. Yahya Bin Adam Al-Qarshi

4. According to Ibn Khuldun, one of the greatest injustices is:

   a. Lower supply

   b. Forced labor

   c. High prices

   d. Low prices

5. Imam Ghazali[30] discussed moral aspect of economic life in his valuable book:

   a. Siyasat-al-Madaniyah

   b. Ara Ahlul Madina-al-Fariliyah

   c. Kimiya-i-Saadat

   d. Ijtima'at al Madiniyah

WELFARE[31] ECONOMICS

Ethical neutrality view about economics that led to the development of welfare economics as an important field of economic studies (*Lionel Robbins*)

1. Welfare economics father considered:

   a. A. C. Pigou[32]

   b. Alfred Marshall

   c. Lionel Robbins

---

[30] 1058-1111 AD
[31] Welfare concept was developed Neo-classical school of thought.
[32] Dr. Little, "Welfare Economics began with Pigou"

    d. J. M. Keynes

2. The 'concept of welfare' is purely:
   a. Subjective
   b. Physiological
   c. **Both of them**
   d. None of them
3. Which is the better measure of welfare?

   a. National Income

   b. Per Capita Income

   c. **Per Capita Disposable Income**

   d. Gross National Product

4. According to Franics M. Bator, "Three are _____ of external economies and diseconomies.

   a. Two sources

   b. **Three sources**[33]

   c. Four sources

   d. Five sources

5. According to Edward P. Lazear, " Smog is a more recent and relevant example of:

   a. Price externalities

   b. **Ownership externalities**

   c. Money externalities

   d. Both (a) and (b)

---

[33]

    1.   Ownership externalities

    2.   Price externalities

    3.   Public good externalities

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CONCEPTS OF DEMAND AND SUPPLY[34]

"Teach a parrot the words supply and demand and it becomes an economist." (Old Aphorism)

1. The phrase 'supply and demand' was first used by:

   a. Antoine Augustine Cournot

   b. James Denham- Steuart[35]

   c. Alfred Marshall

   d. Fleeming Jenkin

2. **Antoine Augustine Cournot** first developed a mathematical model of supply and demand in his book "Researches on Mathematical Principles of the Theory of Wealth" in:

   a. 1828.

   b. 1838

   c. 1848

   d. None of the above

3. What is relationship between Demand and Price??

   a) Positive

   b) Negative

   c) Both

   d) None

4. The law of **demand** refers to:

---

[34] **Adam Smith** used the phrase in 1776 his book **"Wealth of Nations"** and David Ricardo titled one chapter of his 1817 work **"Princip"** "On the Influence of Demand and Supply on Price". **Antoine Augustine Cournot** first developed a mathematical model of supply and demand in his book "Researches on Mathematical Principles of the Theory of Wealth" in 1838. **Fleeming Jenkin** was first time drew popluar graphic of supply and supply in his essay *"On the Graphical Representation of Supply and Demand"* in 1870. Eventually would turn into the most famous graphic in economics. The model was further developed by Alfred Marshall in the textbook *"Principles of Economics"in* 1890, along with Leon Walras.

[35] In his book **"Inquiry into the Principles of Political Economy** *"in* 1767.

(A) Price-supply relationship

(B) Price-cost relationship

(C) **Price-demand relationship**

(D) Price-income relationship

5. The standard form of demand function is:
   a) **Q = a − bp**
   b) Q = b + ap
   c) X= a − bp
   d) Y= b+ ap

CONSUMER BEHAVIOR

"It *is the greatest happiness of the greatest number that is the measure of right and wrong*" (**Jeremy Bentham**)

1. The term 'Marginal utility' coined by:

   a. **Friedrich Wieser**

   b. Bohm Bawerk

   c. Alfred Marshall

   d. A. C. Pigou

2. The "Marginal utility theory" concept was developed by":

   a. William S. Jevons

   b. Alfred Marshall

   c. Carl Menger

   d. **All of the above**

3. According to Most Neo-classical economist, Utility is also termed as:
   a. Value in exchange
   b. **Value in use**

    c. Both of them

    d. None of them

4. The law of diminishing marginal utility was popularized by:

    a. J. M. Keynes

    b. Alfred Marshall

    c. A. C. Pigou

    d. J. S. Mill

5. Which of the following fundamental concepts of economics was conceived as a part of Bentham's framework?

    a) Diminishing marginal return

    b) Depreciation

    c) General equilibrium

    d) Diminishing marginal utility

COST[36]

"Cost is the value of all the inputs to the production process" **(Prof. Nancy Wall)**

1. The classical cost function[37] is:

    a. $C= f(x,y)$

    b. $C=f(Q)$

    c. $U=f(x)$

    d. $Q=C(f)$

2. The next best alternative forgone is known as:

    a. Displacement cost

    a. **Opportunity cost[38]**

    b. Incremental cost

---

[36]**According to Prof. David N. Hyman,** "Cost measures the money value of inputs used over nay given period to produce an item."

[37] Cost function is a function that depicts the general relationship between the cost of factor input and output in a firm. ThereQ((C(and ((C(

[38] The opportunity cost is also known as alternative cost. The concept of opportunity cost was introduced by D.I. Green in 1894, The term was finally coined in 1914 by Austrian economist Friedrich Von Wieser in his book "Theory of Social Economics". There can be only one opportunity cost.

    c. Both (a) and (c)

3. Opportunity cost is the value:

    a. Monetary

    b. Non-monetary

    c. Both (a) and (b)

    d. none of the above

4. Fixed cost occurs only in the:

    a. short run[39]

    b. long run

    c. both of them

    d. none of them

5. Fixed cost[40] is to be incurred even if the output of the firm is:

    a. Positive

    b. Negative

    c. Zero

    d. None of the above

PRODUCTION FUNCTION

1. According to modern economists "Land is:

    a. A economic term

    b. A relative term

    c. A dynamic term

---

[39] According to 'Time Period' Cost is of two types:
    1) Short Run Cost   2) Long Run Cost

[40] Fixed Costs are also known as, supplementary cost, indirect costs or overall costs or plant costs. Fixed cost is a cost of pro

    d. A Static term

2. "Capital[41] consists of those kinds of wealth other than free gifts of nature, which yield income." Who said it?

    a. J. S. Mill

    b. David Richard

    c. Alfred Marshall

    d. J. K. Keynes

3. The classical production function[42] is concerned with:

    a. Long run

    b. Short run

    c. Both of them

    d. None of them

4. The isoquant approach is related to:

    a. Neo-classical approach

    b. Pro-classical approach

    c. Post-classical approach

    d. New-classical approach

5. Which school of thought classified factor of production into four factors?

    a. Neo-classical of thought

    b. Physicorats school of thought

    c. Modern School of thought

    d. Traditional school of thought

---

[41] In the ordinary language, capital means money. In Economics, capital refers to that part of man-made wealth which is used for

[42] Short run production at least one factor of production is kept constant. According to classical or short

run production functi K , Q represents total output, L represents units of Labor and K "bar" represent capital which is constant, Bar represent constant in economic language.

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MATHEMATICAL ECONOMICS

"Mathematics to be a natural language for economists" (**Paul A. Samuelson**)

1. A linear equation[43] in the variable[44] X can be written as:
   a. aX+b=0

   b. aX-b=0

   c. **both of them**[45]

   d. none of them

2. The derivative of a constant[46] is always:

   a. Positive

   b. Negative

   c. **Zero**[47]

   d. all of them

3. the sloe[48] of a vertical line, for which Δx is equal to:

   a. positive

   b. negative

   c. zero

   d. **infinite**

---

[43] A linear equation is sometimes referred to as a first-degree equation or equation of degree one.

[44] The word Variable is the combination of two words, **"vary"** and **"able".** Vary means Change and Able means ability.

[45] Where 'a' and 'b' are constants and 'a' is called the slope of coefficient and 'b' the intercept.

[46] In case of mathematics, the slope of constant is zero. According to Alpha C. Chiang "A constant is a magnitude that does not c

[47] The word derivative really means a derived function. The derivative of a constant function y=k or f(x) = k is zero.

[48] Slope is sometimes described as 'Rise over run.' The slope of a line or curve is a measure of the rate of change of the relati**According to Richard Lipsey** "The amount of change in the variable measured on the vertical or y-axis per unit change in the variable measured on the horizontal or x-axis." In symbols this is ΔY/ΔX

4. the slope[49] of a horizontal line, for which Δy is equal to is:

   a. positive

   b. negative

   c. zero

   d. infinite

5. The variable of linear equation is implicitly raised to:

   a. **First power**

   b. Second power

   c. Third power

   d. Four power

ECONOMETRICS MCQ

1. The regression line was first used by:

   a. **Francis Galton**

   b. Ragnar Frisch

   c. Adam Smith

   d. All of the above

2. The term 'econometrics[50]' was introduced by Norwegian statistician and economist Ragnar Frisch in:

   a. 1924

   b. 1925

   c. **1926**

   d. 1927

---

[49] The slope indicates the steepness and directions of a line.
[50] The word 'econometrics' is derived from the two words of Greek origins 'Olkovouia' (economy) and Uetpov (measure).

3. Econometrics may be defined as the social science in which the tools of economic theory, mathematical and statistical inference are applied to the analysis of economic phenomena" who said it?

    a. **Gerhard Tintner**

    b. Arthur S. Goldberger

    c. Damodar N Gujarti

    d. Sangeetha

4. The correlation efficient must be lie in the range from:

    a. **-1 to +1**

    b. +1 to -1

    c. 1<r<infinity

    d. 0<r<1

5. 'e^{51}' is called

    a. Residual

    b. Error term

    c. **Both a and b**

    d. None of these

AGRICULTURE ECONOMICS

1. Who was father of 'Green Revolution':

    a. **Norman Ernest Borlaug**[52]

    b. Norman Ernest Tamer

    c. Both of them

---

[51] 'e' is also known as 'disturbance' or random (stochastic) variable. The 'e' and 'µ' are same.

[52] Norman Ernest Borlaug (1914-2009) received the Nobel Prize in 1970.

    d. None of them

2. In the 16th, 17th and 18th centuries is known as:

    a. **Agrarian world**[53]

    b. Industrial world

    c. Both (a) and (b)

    d. None of the above

3. Green Revolution[54] was in the following sector:

    a. **Agriculture Sector**

    b. Industrial Sector

    c. Both (a) and (b)

    d. None of the above

4. The term 'Green Revolution' was first used in a March 8, 1968 by:

    a. Norman Ernest Borlaug

    b. **William S. Gaud**

    c. Norman Ernest Tamer

    d. Both (a) and (c)

5. The 'Green Revolution' is also known as:

    a. First Agriculture Revolution

    b. Second Agriculture Revolution

    c. **Third Agriculture Revolution**

    d. All of the above

6. When the period of Kharif crop stars and when ends:

---

[53] All the countries of the world were adopted predominantly agrarian revolution

[54] Green Revolution was in the following sector **Agriculture Sector. The start of the Green Revolution in Pakistan in 1960s)**

   a. **April-June & Oct-Dec**

   b. April-July & Oct-Dec

   c. April-May & Oct-Nov

   d. None of the above

ECONOMY OF PAKISTAN

1. Pakistan started first Six-year plan in which year:

   a. 1948-1954

   b. 1949-1955

   c. 1950-1956

   d. **1951-1957**

Explanation: In 1951 a planned development process stated in the form of Colombo plan[55] and till now eight five year development plans have been launched. In 1953, the government replaced the development board with a new autonomous body called the planning board. The planning board was converted into planning commission in 1958. Economic planning in Pakistan[56] is conducted by Pakistan planning commission.

2. Headquarters of the Planning Commission of Pakistan is located in:

   a. Karachi

   b. Lahore

   c. **Islamabad**

   d. Rawalpindi

3. Pakistan started first five-year plan in which year: **(CSS, PPSC, 2015, KPKPSC,2017 & 2018, EATA, 2017, SBP, 2012,2016)**

   a. **1ˢᵗ July 1955-30 June 1960**

   b. 1ˢᵗ July 1960-30 June 1965

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[55] The 'Colombo Plan' was established in 1950 and headquarters situation in Colombo, Sri Lanka.
[56] Era 1947 to 1955 is known as pre Plan era.

    c. 1st July 1950-30 June 1955

    d. 1st July 1948-30 June 1953

4. The first five year plan was approved by Planning commission of Pakistan an:

    a. April 15, 1955

    b. April 15, 1956

    c. April 15, 1957

    d. None of the above

5. How total expenditure estimated of First Five Year Plan?

    a. Rs. 1080[57] crore

    b. Rs. 1090 crore

    c. Rs. 1100 crore

    d. Rs. 1110 crore

MONEY[58]

"The love of money is the root of all evil" (New statement)

"Throughout the history to the present day there is no agreement on the most fundamental of questions 'what is money'?" **(A. A. Walters)**

1. The word 'money' derives from the Latin word:

    a. Moneta [59]

    b. Monneta

    c. Muneta

    d. None of the above

2. Who said "Money is Snapshot concept":

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[57] In the public sector Rs.750 crore in and 330 crore in the private sector.
[58] **According to Prof Jackson and Prof. McIver** "any time which is generally acceptable to buyers and sellers for facilitating the
[59] The word 'money' derives from the Latin word 'moneta', which means goddess Juno.

   a. **W. J. Baumol**

   b. A. A. Walters

   c. Geoffrey Crowther

   d. D. Hutchinson

3. Who said "Luck of money is the root of all evil":

   a. **George Bernard Shaw**

   b. W. J. Baumol

   c. A. C. Pigou

   d. None of the above

4. Prof. Harry G. Johnson and Edgar L. Feige have classified the definitions of money into:

   a. Two categories

   b. Three categories

   c. **Four categories[60]**

   d. Five categories

5. The book "Monetary Theory and published in 1952 was written by: policy":

   a. G. Crowther

   b. Edgar L. Feige

   c. **Harry G. Johnson**

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[60] four categories:

1. The Conventional Approach

2. The Chicago Approach[60] (Milton Friedman, David Mieselman, Philip Cagan, Anna J. Schwartz and David Fand all are Chicago School of

3. The Central Bank Approach

4. Gurley-Shaw Approach

    d. Milton Friedman

INTRODUCTION TO PUBLIC FINANCE[61]

"The hardest thing in the world to understand is the income tax." **(Even Albert Einstein)**

PUBLIC FINANCE: There are two main types.

1. Direct tax [62]

2. Indirect tax[63]

S. No	Direct TAX	Indirect TAX
1	Corporation tax	Excise duty
2	Income tax	Custom duty
3	Property tax	Service tax
4	Wealth tax	Sales tax[64]

1. Value-added tax[65] was introduced in 1973 to replace:

    a. Purchase tax & selective employment tax

    b. Corporation tax & Wealth tax

    c. Income tax & Property tax

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[61] **According to Prof. Dalton** "Public finance is concerned with the income and expenditure of public authorities and with the adju**According to Prof. Dr. Gary E. Clayton** "Public finance is the study of the effects of budgets on the economy, particularly the effect on the achievement of the major economics objects-growth, stability, equity and efficiency".

[62] **DIRECT TAX:** Direct tax is a tax levied directly on an individual or organization. For instance income tax is a direct tax beca

[63] **INDIRECT TAX:** An indirect is a tax on a good or services. For instance Value added tax is an indirect tax because it is a 17.5

[64] Sales tax: a tax levied on the sale of goods, usually involving a fixed percentage of the price. A **retail sales tax** is based o

[65] It can be described as a tax levied on businesses at every stage of production and distribution on the value they add to their

    d. Environment Tax & Lump sum tax

2. The 'Corporation tax[66]' was first introduced in:

    a. 1965

    b. 1966

    c. 1967

    d. None of the above

3. In which sector 'development gains tax' was first introduced in 1976?

    a. Industrial sector

    b. Manufacture sector

    c. Agriculture sector

    d. Both (a) and (b)

4. In the United States the 'Federal Corporation Income Tax' was adopted in:

    a. 1909

    b. 1919

    c. 1929

    d. 1939

5. Political economist J.S. Mill distinguished between direct and indirect taxes [67]in his book

    a. principle of political economy (1848)

    b. Utilitarianism (1863)

    c. Socialism (1879)

    d. None of the above

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[66] This tax is levied on the whole of a company's profits net of interest payments and depreciation allowances.

[67] Philip A. Taylor, term 'direct' and 'indirect' taxes are finally distinguishable in meaning only in term of shift-ability. Acc

Tanbila Ghafoor (M. Phil Economics University of Agriculture, Faisalabad) & Akhtar Saba Khan (GPGC Bannu)

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[i] Imam Abu Yusuf (735-798) was father of economics. Imam Abu Yusuf was first introduced concept of taxation, term of trade, rule**Adam Smith** (1723-1790) book "wealth of Nation" 1776. And second Ibn e Khuldoon (1332-1406) same concept who applied the principles of political economics, taxation rule, labor theory, and economic growth was introduce in his book " *Kitāb al-'Ibar* " before 4 centuries ago in Adam Smith book Wealth of Nation.

[ii] **WHY STUDY ECONOMICS:** There are four main reasons to study economics: to learn a way of thinking, to understand society[ii], to un

1. **TO LEARN WAY OF THINKING:** Probably the most important reason for studying economics is to learn a way of thinking. Economics hases: opportunity cost, Marginalism and the working of efficient markets

    1. Opportunity Cost: the best alternative that we forgo, or give up, when we make a choice or a decision.

    2. Marginalism: the process of analyzing the additional or incremental costs or benefits arising from a choice or decision.

    3. Efficient Market: A market in which profit opportunities are eliminated almost instantaneously.

2. **TO UNDERSTAND SOCIETY:** Another reason for studying economics is to understand society better. Past and present economics decisio

3. **TO UNDERSTAND GLOBAL AFFAIRS:** A third reason for studying economics is to understand global affairs. News headlines are filled w

4. **TO BE AN INFORMED CITIZEN:** Knowledge of economics is essential to being an informed citizen.