

EPITOME MODEL ISLAMIC SCHOOLS
ECONOMICS INTERVIEW QUESTIONS

Instruction: Attempt all questions from this section

Time Allowed for this section: 20 minutes

SECTION A: MCQ

1. **Which of the following is NOT a characteristic of a perfectly competitive market?**
 - a) Large number of buyers and sellers
 - b) Free entry and exit
 - c) Homogeneous product
 - d) Price discrimination
2. **The law of diminishing marginal utility states that:**
 - a) Total utility decreases as consumption increases
 - b) Marginal utility increases with each additional unit consumed
 - c) Marginal utility decreases as consumption increases
 - d) Price and quantity demanded are directly related
3. **If the demand for a good is perfectly inelastic, then:**
 - a) A price increase will reduce demand to zero
 - b) Price elasticity of demand = 0
 - c) Price elasticity of demand = 1
 - d) Total revenue decreases when price rises
4. **Which of these curves is always downward-sloping?**
 - a) Marginal cost curve
 - b) Average cost curve
 - c) Demand curve for a normal good
 - d) Supply curve
5. **Price ceiling leads to:**
 - a) Surplus
 - b) Shortage
 - c) Equilibrium
 - d) Inflation
6. **In monopolistic competition, firms differentiate their products mainly through:**
 - a) Government regulation
 - b) Advertising and branding
 - c) Price control
 - d) Collective bargaining
7. **The opportunity cost of a choice is:**
 - a) The money spent on that choice
 - b) The value of the next best alternative forgone
 - c) The sunk cost incurred
 - d) The total cost of production
8. **Which factor will shift the supply curve to the right?**
 - a) Higher input costs
 - b) Technological improvement
 - c) Increase in taxes
 - d) Increase in price of related goods

9. **Giffen goods violate:**
- a) The law of demand
 - b) The law of supply
 - c) The law of diminishing marginal utility
 - d) The principle of opportunity cost
10. **Which of the following market structures has the highest degree of price control?**
- a) Perfect competition
 - b) Monopolistic competition
 - c) Oligopoly
 - d) Monopoly
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11. **GDP at factor cost is derived from GDP at market prices by:**
- a) Adding subsidies and subtracting indirect taxes
 - b) Adding indirect taxes and subtracting subsidies
 - c) Adding depreciation
 - d) Adding imports and subtracting exports
12. **The Phillips curve shows the relationship between:**
- a) Inflation and unemployment
 - b) Wages and productivity
 - c) Government expenditure and taxation
 - d) Imports and exports
13. **Which of the following is NOT a component of aggregate demand?**
- a) Consumption expenditure
 - b) Investment expenditure
 - c) Government spending
 - d) Money supply
14. **Stagflation refers to a situation of:**
- a) High inflation with high growth
 - b) Low inflation with low growth
 - c) High inflation with low growth and high unemployment
 - d) Low inflation with high growth
15. **Which policy tool directly affects the money supply in the economy?**
- a) Government subsidies
 - b) Open market operations
 - c) Price control
 - d) Fiscal deficit
16. **When an economy is at full employment, an increase in aggregate demand leads to:**
- a) Higher output without inflation
 - b) Higher unemployment
 - c) Inflationary pressure
 - d) Decrease in GDP
17. **Cost-push inflation is caused by:**
- a) Increase in aggregate demand
 - b) Increase in production costs

- c) Increase in money supply
 - d) Decrease in taxes
18. **Which measure is used to compare the standard of living across countries?**
- a) Nominal GDP
 - b) GDP Deflator
 - c) Purchasing Power Parity (PPP) GDP per capita
 - d) Consumer Price Index
19. **Fiscal policy refers to the use of:**
- a) Money supply and interest rates
 - b) Government spending and taxation
 - c) Foreign exchange rates
 - d) Wage and price controls
20. **A country is experiencing balance of payments deficit. Which of the following will help?**
- a) Reducing interest rates
 - b) Devaluation of currency
 - c) Increasing imports
 - d) Expansionary fiscal policy
21. **Comparative advantage is the basis for:**
- a) Import substitution
 - b) Protectionism
 - c) International trade
 - d) Price controls
22. **Dumping in international trade refers to:**
- a) Selling goods at a price below domestic cost in a foreign market
 - b) Disposing of excess inventory domestically
 - c) Importing goods without paying tariffs
 - d) Reducing exports to protect domestic consumers
23. **Terms of trade improve when:**
- a) Export prices rise relative to import prices
 - b) Import prices rise relative to export prices
 - c) Both export and import prices fall
 - d) Exchange rate depreciates
24. **Foreign Direct Investment (FDI) is characterized by:**
- a) Short-term capital flow
 - b) Speculative investment
 - c) Long-term control over enterprises
 - d) Purchase of foreign bonds
25. **Which of the following is NOT a Sustainable Development Goal (SDG)?**
- a) Zero Hunger
 - b) Quality Education
 - c) Population Control
 - d) Climate Action
26. **The Human Development Index (HDI) does NOT include:**
- a) Life expectancy

- b) Education level
 - c) Per capita income
 - d) Inflation rate
27. **Microfinance primarily aims to:**
- a) Support large corporations
 - b) Provide small loans to low-income individuals
 - c) Control inflation
 - d) Reduce government debt
28. **Which international organization monitors global trade rules?**
- a) IMF
 - b) WTO
 - c) World Bank
 - d) OECD
29. **Import substitution industrialization (ISI) policy focuses on:**
- a) Promoting exports
 - b) Reducing dependency on imports
 - c) Liberalizing trade
 - d) Encouraging foreign investment
30. **Which of the following is a capital-intensive industry?**
- a) Handicrafts
 - b) Textile weaving
 - c) Automobile manufacturing
 - d) Agriculture
31. **Behavioral economics integrates:**
- a) Psychology with economic decision-making
 - b) Sociology with production theory
 - c) Physics with econometrics
 - d) Mathematics with marketing
32. **Which of these is an example of a public good?**
- a) Street lighting
 - b) Cable television
 - c) Restaurant meal
 - d) Private tutoring
33. **Negative externalities can be corrected through:**
- a) Subsidies
 - b) Pigouvian taxes
 - c) Price ceiling
 - d) Trade liberalization
34. **Which is NOT an example of a leading economic indicator?**
- a) Stock market trends
 - b) Building permits
 - c) Unemployment rate
 - d) Consumer expectations
35. **Cryptocurrency is considered:**
- a) Fiat money

- b) Commodity money
 - c) Digital asset using blockchain technology
 - d) Central bank-issued currency
36. **The “invisible hand” concept was introduced by:**
- a) John Maynard Keynes
 - b) Adam Smith
 - c) David Ricardo
 - d) Karl Marx
37. **Which of these is NOT a function of money?**
- a) Medium of exchange
 - b) Store of value
 - c) Unit of account
 - d) Source of economic growth
38. **Which measure best reflects income inequality?**
- a) Gini coefficient
 - b) CPI
 - c) GDP growth rate
 - d) Terms of trade
39. **An increase in marginal propensity to consume (MPC) leads to:**
- a) Lower multiplier effect
 - b) Higher multiplier effect
 - c) Lower aggregate demand
 - d) Lower consumption expenditure
40. **Shadow economy refers to:**
- a) Underground or unrecorded economic activities
 - b) Investment in shadow banking sector
 - c) Night-time economic activity
 - d) Tax-free government bonds