**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
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