FG QUAID-I-AZAM DEGREE COLLEGE CHAKLALA III, RAWALPINDI CANTT.
MCQs OBJECTIVE QUESTIONS 1st YEAR ECONOMICS

1-Father of political economy
a. Malthus **b. Adam Smith** c. Marshall d. Samuel
2- He described economics as a science of material welfare
a. Marshall b. Robbins c. Ricardo. d. Keynes
3- Economic laws are
a. brief b. definite c. exact **d. approximate**
4- Economic laws are
a. natural b. unreal c. moral **d. scientific**
5- Economics is a science.
a. spiritual **b. social** c. dismal d. moral
6- Economic problems arise because of:
a. greed **b. scarcity** c. dishonesty d. laziness
7-Which statement relates to macroeconomics
a. oil prices are rising in Pakistan. b. profit rate is high in textile industry
c. the firm is going into loss **d. Pakistan has high inflation**
8-Which statement is true? (only one answer is true)
a. Economics is a physical and normative science b. Economics is a social and natural science
c. Economics is physical and positive science **d. Economics is a social and normative science.**
9-Ceteris paribus means
a. "other things equal" b. all variables are independent
c. the assumptions are incorrect d. variables are inversely related
10-In economic studies use of assumptions
a. makes economic theory useless b. means other things equal
c. is a tool of economists to simplify reality d. must be avoided
11-A positive statement
a. concerns 'what is as it is' b. is always accurate
c. deals with values and opinions d. cannot be tested by collecting data
12-Normative economics
a. deals only with facts b. is useless
c. involves personal judgments d. is preferable to positive economics
13-Fundamental economic problem of mankind
a. inflation b. unemployment c. scarcity d. lack of money
14-Scarcity exists
a. in only poor countries b. in small countries
c. in all countries of the world d. in societies that waste resources
15-Microeconomics concentrates
a. on inflation b. international economic relations
c. individual economic units d. economic development
16-Macroeconomic deals with
a. how to buy groceries b. establishment of a new firm
c. aggregate economic activity d. industrial activity
17-Three basic economic problems are
a. what, how and for whom goods and services c. what, which and how much goods and services
b. why, where, and when goods and services d. what, which, why goods and services
18-Economics is
a. more important than mathematics b. natural science **c. social science** d. Is difficult to study
19-Economic laws
a. must be followed b. are hated by people c. are unscientific **d. are based on assumptions**
20-Adam Smith is famous for the book
a. "Basic economics" b. "Laws of economics" c. "Economic science" **d. "Wealth of Nations"**
21- Marshall in his definition of economics
a. uses the concept of material welfare b. accuses Adam Smith c. dislikes wealth d. praises Robbins
22-"Wealth of nations"
a. is another name for United Nations b. indicates total wealth of rich countries
c. contains formulas to earn wealth **d. is name of a book**
23- Marshall wrote the book
a. Introduction to economics c. Classical economics
b. Principles of economics d. Microeconomic theory
24-Economic theory means
a. economic policy **b. economic principles** c. applied economics d. economic facts
25-Robbins in his definition
a. talks of scarcity of resources b. preaches moral values
c. supports Adam Smith's view d. none of the above
26-Market system means
a. Socialism **b. Capitalism** c. a place where goods are traded d. all of the above
27-A family of one or more persons with a common budget are called in economics
a union b. organization **c. household** d. house members
28-'Wealth of Nations' was written in
a. 1876 b. 1976 **c. 1776** d. 1676
29-Economic principles are also called
a. economic law b. economic theory c. economic model **d. all of the above**
30-'General Theory on employment, output and inflation' was written by
a. Malthus b. Adam Smith c. Marshall **d. Keynes**
31-Select the correct statement
a. Economics affects politics b. Economics affects history
c. all of the above are true d. Geography affects economics
32-Marshall thinks economics is a study of
a. personal welfare **b. material welfare** c. national welfare d. general welfare
33-'Everyone should study economics' is a
a. positive statement **b. normative statement** c. true statement d. nonsense
34-Utility and usefulness are
a. opposite b. unrelated **c. different** d. equal
34(A) Rotten eggs are

a. free good b. economic good c. service d. wealth

35-Scarcity of goods means
a. non availability of goods b. high price of goods
c. high profit of the firms **d. less supply than demand**

36-The basic economic problem common to all societies is
a. corruption of govt. officers **b. scarcity of resources** c. Inefficiency of workers d. selfishness of people

37-Human wants are
a. one thousand b. few **c. innumerable** d. countable

38-Economic laws are made by
a. parliament b. government **c. by studying human behavior** d. UNO

39-An economy means
a. study of economics **b. a country's economic system** c. sources of income of a family d. domestic trade

40-Economic laws are made through
a. productive method **c deductive and inductive method**
b. Inductive method d. selective and elective method

41-The branch of economics that studies the economy as a whole is called
a. comprehensive economics b. total economics **c. macroeconomics** d. aggregate economics

42-Economics is a science
a. historical b. physical c. positive **d. social**

43-Economics is a study of
a. management of people's behaviour. b. management of homes **c. management of resources** d. management of markets

44-Economic problems are faced by
a. poor people b. uneducated c. poor nations **d. all people**

45-Marshall is called
a. classical economist b. modern economist **c. neo-classical economist** d. pioneer economist

46-The statements which are testable on the basis of statistical facts are called
a. normative statements **b. subjective statements** c. positive statements d. selective statements

47-If somebody violates economic laws, he is
a. punished b. appreciated c. disliked **d. nobody cares**

48-Human wants are
a. condemnable b. simple **c. unlimited** d. measurable

48(A-) Economics is
a. Science b. Art **c. both Science and Art** d. useful skill

49-Rotten tomatoes are
a. economic good b. wealth c. service **d. free good**

50-Human's luxuries wants are:
a. innumerable **b. countable** c. one thousand d. a few

51-A consumer is in equilibrium when marginal utilities are
a. minimum b. highest c. equal d. increasing

52-In economics, a family with common budget is called
a. social group b. consumer union c. organization **d. household**

53-When marginal is negative, it must be true that
a. the average is negative b. the average is decreasing c. the total is negative **d. the total is decreasing**

54-The term 'marginal' in economics means
a. unimportant **b. additional** c. the minimum d. temporary

55-Utility is most closely related to the term a useful
a. useless. b. necessary c. increasing **d. satisfaction**

56-Demand curve slopes downward because of the law of
a. law of decreasing returns b. law of decreasing cost c. law of supply **d. law of diminishing marginal utility**

57-A consumer's spending is restricted because of
a. marginal utility **b. budget constraint** c. demand curve d. unlimited wants

58- Law of substitution is another name for
a. law of diminishing MU **b. law of Equi-MU** c. law of demand d. law of satisfaction

59- Law of Equi-marginal Utility is a law of
a. production of wealth b. distribution of wealth **c. consumption of wealth** d. exchange of wealth

60-Utility and usefulness are
a. equal **b. different** c. opposite d. unrelated

61-When MU is positive. TU
a. increases. b. decreases c. remains constant d. is maximum

62-Diminishing marginal utility is the basis of
a. law of supply **b. law of demand** c. laws of returns d. None of the above

63- When MU=0, TU is
a. minimum **b. maximum** c. increasing d. decreasing

64-A statement of how one variable affects other variables is
a. linear b. quadratic c. an assumption **d. a functional relationship**

65-Which is the general form of quadratic equation
a. $x^2-x-20 = 0$ **b. $ax^2 + bx + c = 0$** c. $x^2-x-c = 0$ d. None

66-$3x^2 = 0$ is an equation
a. linear **b. quadratic** c. general d. first degree

67-If we plot the equation $y = 20 + 3x$, its slope is
a. 20 **b. 3** c. 20/3 d. Indeterminate

68-To show data in tables, we must first
a. reduce data b. expand data **c. classify data** d. all of the above

69-When we classify data on the basis of income there will be
a. class intervals b. class numbers c. groups d. sections

70-To measure changes in purchasing power of money, we use
a. percentages **b. index numbers** c. averages d. variables

71-This is a tool in economic studies
a. market b. price c. firm **d. functional relation**

72-If X and Y scales are the same, a line making 45-degree angle with X-axis has slope
a. ¼ **b. ½** c. constant d. 1

73-The relationship between two variables that move in the same direction is called
a. neutral **b. positive** c. independent d. dependent

74-The quality of a commodity that satisfies some human want or need is called

a. 'service' b. demand **c. utility** d. efficiency

75-Indifference curves are convex to the origin because
a. two goods are perfect substitutes b. two goods are imperfect substitutes
c. two goods are perfect complementary goods d. goods are jointly demanded

76-MU curve
a. rises left to right b. is always vertical **c. falls left to right** d. is always horizontal

77-Equilibrium of consumer is explained by
a. negative utility b. positive utility **c. marginal utility** d. profit

78-If a person consumes goods X and Y and maximizes total utility, then MU per rupee from the two goods must be
a. equal b. unequal c. increasing d. decreasing

79-If a person consumes goods X and Y and maximises total utility, then MU per rupee from the two goods must be
a. minimum b. unequal c. maximum **d. equal**

80-If a consumer moves upward along an indifference curve, his total utility
a. falls to zero b. does not change **c. increases** d. decreases

81-A free good
a. used by everybody b. very cheap **c. has no opportunity cost** d. has unlimited demand

82-If price of good x falls, its consumers will experience rise in
a. real income b. money income c. nominal income d. future income

83-Which is NOT a characteristic of indifference curves
a. downward sloping **b. do not cross each other**
c. convex to origin d. show relative prices of goods x and y

84-The satisfaction which a consumer gets from a commodity is called
a. profit b. benefit **c. utility** d. economy

85-For chairman of WAPDA, cell phone is
a. necessity b. luxury c. comfort d. nuisance

86- All points of an indifference curves represent
a. equal satisfaction b. equal income c. equal demand d. equal expenditure

87-Px and Py are prices of good x and y. 'Mum' is marginal utility of money Which equation represents equilibrium of the consumer and maximisation of total utility
a. Mux/px= Muy/py> Mumb. b. Mux/px= Muy/py < Mum
c. Mux/px= Muy/py= Mum d. Mux/py= Muy/px = Mum

88- An indifference curve is based on the assumption of
a given demand b. given income c. given tastes **d. b and c of above**

89- If quantity demanded is totally unresponsive to changes in price, elasticity of demand would be
a. inelastic b. elastic c. perfectly elastic d. unit elastic

90-Other things equal, if a good has more substitutes, its price elasticity of demand is
a. perfectly inelastic b. small **c. more elastic** d. constant

91-Price of a product falls by 10% and its demand increases by 30% Elasticity of demand would be
a. 10% **b .greater than 1** c. 30% d. Equal to unity

92- if elasticity of demand is very low it shows that the commodity is
a. a necessity b. a luxury c. has little importance in total budget d. a and c above

93-The following are causes of shift in demand EXCEPT the one
a. change in income **b. change in price** c. change in fashion d. change in prices of substitutes

94-When demand is perfectly inelastic; an increase in price will result in
a decrease in total revenue **b. increase in total revenue**
c. no change in total revenue d. decrease in quantity demanded

95-If demand is unitary elastic, a 25% increase in price will result in
a. 25% change in total revenue b. no change in quantity demanded
c. 1% decrease in quantity demanded **d. 25% decrease in quantity demanded**

96-Irrespective of price, Saim LIAQAT always spend Rs.200 a week on ice cream, we conclude that
a. elasticity of demand is 0 b. elasticity of demand is 1
c. elasticity of demand is infinite **d. law of demand has been violated**

97-When cross elasticity of demand for A and B is positive number, one can conclude that
a. the goods are cheaper b. the goods are interior
c. the goods are substitutes d. the goods are complements

98-If demand is inelastic, a change in the price
a. will change the quantity in same direction b. will change total revenue in same direction
c. will change total revenue in the opposite direction d. will not change quantity

99-This is the assumption of law of demand
a. Price of the commodity should not change. b. Quantity demanded should not change
c. Prices of substitutes should not change d. Demand curve must be linear

100-Which of the following is a demand function?
a. Q+4P=20 b. Q=35+3P c. Q-2P-15=0 d. 5P-Q=4

101-Talha has a special taste for chicken rolls of college canteen. The owner of the canteen doubles the price of chicken roll. Talha did not respond to the increase in prices and kept on demanding the same quantity of chicken roll. His demand for chicken roll is
a. perfectly elastic **b. perfectly inelastic** c. elastic d. less elastic

102-Price and demand are positively correlated in case of
a. necessities b. comforts **c. Giffen goods** d. luxuries

103-The elasticity of demand of durable goods is
a. less than unity **b. greater than unity** c. equal to unity d. zero

104-The demand of a commodity having less substitutes is
a. more elastic **b. less elastic** c. zero elastic d. infinite elastic

105-Mr. Marwan Syyid bought 50 litres of petrol when his monthly income was Rs. 40,000. Now his monthly income has risen to Rs 80,000 and he purchases 100 litres of petrol. His income elasticity of demand for petrol is
a. Equal to 1 b. 100% c. less than one d. more than one

106-When price elasticity of demand for normal goods is calculated, the value is always
a. positive **b. negative** c. constant d. greater than one

107-Income elasticity of demand for normal good is always
a. 1 b. more than one c. negative **d. positive**

108- Demand is a function of
a. price b. fashion c. supply **d. all of these**

109- if price and Total expenditure are the same then price elasticity of demand is
a inelastic b. elastic **c. unrelated** d. perfectly elastic

110-Price elasticity of demand measures

a change in price caused by changes in demand b. the rate of change of sales
c. the responsiveness of demand to price changes d. the value of sales at a given price

111-Which one is the assumption of law of demand?
a. price of the commodity should not change b. quantity demanded should not change
c. income of the consumer should not changed. d. none of the above

112-Which one can cause a change in demand
a. change in income b. change in supply c. change in tastes **d. a and c of above**

113-A seller can increase his sales revenue by charging a lower price, if the demand has
a. ed < 1 b. ed=1 **c. ed>1** d. ed=0

114- A horizontal demand curve has a price elasticity of demand
a. zero **b. infinity** c. positive d-none of these

115-Cross elasticity for Suzuki and Honda cars in Pakistan will be
a. **positive** b. negative c. constant d. undefined

116-If price elasticity of demand is very low, the commodity is
a. necessity **b. luxury** c. substitute d. not available

117- Which one is not determinant of demand
a. tastes b. income **c. method of production** d. price

118- To say that two goods are unrelated, their cross price elasticity of demand should be
a. less than 0 b. greater than 0 **c. equal to 0** d. 1

119-If demand has unit price elasticity
a. increase in total revenue **b. decrease in total revenue** c. no change in total revenue d. indeterminate

120-Market demand curve is obtained by which summation of all individual demand curves.
a. vertical **b. horizontal** c. mathematical d. local

121- When price of A rises and people buy less of B, then goods are
a. complementary b. substitute c. Giffen d. inferior

122- if cross elasticity is positive, it means that the two goods are
a. substitute b. complements c. superior d. a and b of above

123-If a straight line downward sloping demand curve touches x-axis at point H, the price elasticity "e" of demand would be
a. e>1 b. e=1 c. 1>e>0 **d. e=0**

124-Income elasticity of normal good is
a. negative **b. positive** c. zero d.1

125-If two goods are complements, their cross price elasticity of demand will be
a. positive **b. negative** c .zero d. greater than 1

126-Which term is not true
a. income elasticity b. arc elasticity **c. line elasticity** d. cross elasticity

127-Normally a demand curve will have the shape
a. upward sloping b .vertical **c. downward sloping** d. positive

128-Law of demand shows relation between
a. income and price of commodity **b. price and quantity of a commodity**
c. income and quantity demanded d. None of these

129-This is an assumption of law of demand
a. cost of production remains same c. method of production remains same
b. **income of consumer remains constant** d. none of these

130-consumption is a function of
a. interest rate b. investment **c. income** d. inflation

131-Which one is increasing function of price
a. demand b. utility **c. supply** d. consumption

132-It describes the law of supply
a. supply curve b. supply equation c. demand **d. a and b both**

133-Supply curve will shift when
a. price falls b. demand shifts **c. technology changes** d. none of these

134-An increase in demand would cause supply curve to
a. shift to the left b. change in slope of supply curve **c.** indeterminate d. no effect on supply

135-If price changes by 1 % and supply changes by 2% then supply is
a. **elastic** b. inelastic c. zero. d. static

136-If elasticity of supply is greater than one. Supply curve will be
a. horizontal b. vertical c. passing through origin **d. touching y-axis**

137- What best explains a shift in market supply curve to the right?
a. supply curve b. shift to the right c. supply scheduled **d. all the three**

138- During a particular year farmers experienced a dry weather, if all other factors remain constant, farmers supply curve for wheat will shift to
a. rightward **b. leftward** c. downward d. no direction

139-When supply of a commodity increases without change in price it is called
a. fall in supply b. expansion in supply c. contraction in supply **d. rise in supply**

140-In May 2024, a firm was supplying 1000 kg of sugar at market price of Rs.60/- per kg. During June 2024, firm's supply of sugar had decreased to 900 kg at price Rs.40/- per kg. These changes show that supply of sugar is:
a. perfectly elastic b. perfectly inelastic **c. less elastic** d. more elastic

141-Supply of a commodity means
a. willingness to sell a certain quantity b. physical stocks available
c. total production in a given d. planned production period

142- If elasticity of supply is one, supply curve will be
a. horizontal b. vertical **c. passing through origin** d. touching x-axis

143-Which of the following shifts supply curve of cars to the right
a. tax on new cars b. increase in wages of workers
c. decrease in steel priced d. a successful promotion campaign by sellers

144- Long period supply curve is
a. relatively flatter b. relatively steeper c. more elastic d. a and c of above

145-If a firm makes 200 units of a good available at a price of Rs.10 per unit, the elasticity is
a. 0.05 b. 10 c. 20 **d. indeterminate**

146-The price below which the sellers are not willing to sell a product is called
a. minimum price b. maximum price **c. reserve price** d. final price

147-if govt. increases sales tax the supply
a. will fall **b. will rise** c. will not be affected d. will become zero

148-Two supply lines S1 and S2 pass through origin with different slopes. They have points A and B. The elasticity of these points will be
a. same **b. different** c. both have unit elasticity d. a and c of above are true

149-When a straight line supply curve touches x-axis, elasticity at all points is

a. 0 b. 1 c. greater than 1 **d. less than 1**

150-A linear supply curve has elasticity greater than 1 if it
a. passes through origin b. touches y-axis c. touches x-axis d. is downward sloping

151-A decrease in demand causes the equilibrium price to
a. rise **b. fall**. c. remain constant d. indeterminate

152-When price is fixed below equilibrium level, there will be
a. surplus commodity in the market **b. shortage of commodity in the market**
c. demand curve will shift d. supply curve will shift

153-If equilibrium price rises but equilibrium quantity remains unchanged, the cause is:
a. supply and demand both increase equally **b. supply and demand both decrease equally**
c. supply decreases and demand increases d. supply increases and demand decreases

154-Price of a product is determined in a free market by
a. demand for the product **b. both demand and supply** c. supply of the product d. government

155- An increase in the price of mutton provides information
a. tells consumers to buy more mutton b. which tells consumers to buy more chicken
c. tells producers to produce more mutton **d. b and c of above**

156-In market equilibrium, supply is vertical. The downward sloping demand curve shifts to right then
a. price will fall b. price remains same c. price will d. quantity rises

157-Equilibrium
a. is a state that is never achieved in economics b. Is an important idea for predicting economic changes?
c. Is a stable condition. d. Is an unstable condition.

158-Fifty rupees is the equilibrium price for good Z. If govt. fixes price at Rs.40, there is
a. a shortage b. a surplus c. excess supply d. loss

159-A rise in supply and demand in equal proportion will result in
a. increase in equilibrium price b. decrease in equilibrium price
c. no change in equilibrium price d. increase in equilibrium price and no change in equilibrium quantity

160-The price and sales of Lux soap both increase. What could be the cause of this?
a. a decrease in the incomes of the consumers. b. a decrease in the tax on Lux soap
c. An increase in the wages of workers in the Lux factory **d. An increase in the prices of Lux substitutes**

161- If we know that quantities bought and sold are equal, we can conclude that
a. there is no tax on supply b. the market is in equilibrium
c. there will be no tendency for a price change **d. b and c of above**

162-If price is set above equilibrium level, there will be
a. surplus commodity in the market b. shortage of commodity in the market
c. supply curve will shift d. demand curve will shift

163-The point of intersection of supply and demand curves is called
a. market equality b. market cross **c. market equilibrium** d. market settlement

164-Market equilibrium means
a. number of buyers and sellers are equal **b. demand and supply of commodity are equal**
c. no price is changing d. prices rise very slowly

165-Markets where firms supply goods and services demanded by households are
a. factor market **b. product market** c. open markets d. resource markets

166-Demand and supply curves cross at
a. always at 60 degree b. at 90 degree c. at equal angle **d. at any angle**

167-When demand is perfectly elastic, an increase in supply will result in
a. decrease in quantity sold b. fall in price **c. increase in quantity sold** d. b and c of above

168-Demand and supply forces determine market price
a. only in perfect competition b. only in monopoly market **c. In both markets** d. none of the above

169-A fall in supply and demand in equal proportion will result in
a. decrease in equilibrium quantity b. increase in equilibrium quantity
c. no change in equilibrium quantity d. indeterminate

170-The current price of wheat in the market is Rs 130 per kg. The govt. fixes the price at Rs150 per kg. New price is called
a. support price b. price floor **c. price ceiling** d. a and b of above

171-In market equilibrium, if supply is horizontal straight line and demand curve shifts to right then
a. price rises b. quantity falls c. price falls **d. quantity rises**

172-The price at which quantity equals quantity demanded is called
a. coordinating price b. common price **c. equilibrium price** d. agreed price

173-From the given equations, identify which one is demand equation.
a. Q = 10 + 2P b. Q+ 2P = 18 **c. Q = 10-2P** d. Q-2P = 2

174-Labour is hirable but you cannot hire
a. capital b. land c. manager **d. entrepreneur**

175-The three broad types of productive resources are
a. money, labour, technology b. land, labour, capital
c. land, labour, organization **d. labour, capital, organization**

176-Land means
a. sea b. surface of earth c. natural forests **d. all natural resources**

177-Economic development of a country requires
a. skilled labour b. diplomacy c. abundant natural resources **d. a and c of above**

178- Productivity of land can be raised by
a. extensive cultivation b. farm mechanization c. improved seed **d. b and c of above**

179-Land as used in economics
a. is a free gift of nature b. is unlimited in quantity c. is not hirable d. excludes oceans

180-Which of the following is NOT an input
a. entrepreneurship b. labour c. natural resources **d. production**

181-Which of the following input factor takes risk, innovates
a. capital b. production c. productivity **d. entrepreneur**

182-Which of the following is correct with respect to resources
a. Money is a capital good **b. Human skills are a labour input**
c. Entrepreneur is part of the labour input d. Natural resources include human input

183-The transformation of resources into economic goods and services is called
a. technical efficiency b. input **c production** d. market

184-Economic goods produced by firms are called
a. productivity b. innovation c. technological progress **d. output**

185-Land is
a. **Hirable** b. not hirable c. homogeneous d. a form of capital

186-Geographical mobility is not possible for
a. land b. labour c. capital d. none of these

187-The following is NOT a factor of production
a. labour b. land **c. money** d. entrepreneurship

188- Which of the following economic factor takes risk, innovates and coordinates
a. capital b. engineer c. state bank **d. entrepreneur**

189- Which of the factor is called primary factor of production?
a. money b. trade c. land **d. capital**

190-For production of goods we need factors
a. few b. 2 d. unlimited **d. 4**

191-Standard of living of a country can be raised if it increases
a. labour force **b. production** c. money supply d. exports

192-Productivity of land can be raised by
a. decreasing farm size **b intensive cultivation** c. better marketing d. increasing money supply

193-Natural environment that supports production of goods and services is included in
a. labour b. money c. better marketing **d. land**

194-An example of natural resource is
a. skilled doctor **b. oil reserves in the ground** c. oil reserves in storage tank d. factory

195-Production in economics means
a. factors of production b. doing some job **c. output of goods** d. profit

196-Which is true
a. labour produces land b. land produces labour
c. labour produces capital d. land produces capital

197-Land, labour and capital are needed to produce goods. They are collectively called
a. elements of production b. factors of production c. tools of production d cost of production

198-If a firm increases the ratio of capital to labour, it becomes more
a. labour intensive **b. capital intensive** c. output intensive d. input intensive

199-These are called primary factors of production increasing returns
a. land and labour **b. labour and capital** c. land and capital d. energy and capital

200-The transformation of resources into economic goods and services is called
a. output to prices b. output to input c. output to demand **d. supply to demand**

201-Production function relates to
a. output to cost **b. input to output** c. output to revenue d. input to profit

202-According to Malthus, population increases by
a. systematic progression **b. arithmetic progression** c. geometric progression d. automatic progression

203-Productivity of labour can be increased by
a. raising minimum wages b. reducing profits
c. increasing skills of workers d. punishing absentee workers

204-All labour is
a. homogeneous **b. heterogeneous** c. lazy d intelligent

205-Mobility of labour
a. increases efficiency of labour b. decreases wages of labour
c. increases division of labour d. a and c of above.

206-Unemployment due to mechanization of agriculture is
a. seasonal **b. structural** c. industrial d. personal

207-Labour Input includes
a. inventor b. innovator c. unskilled worker **d. all of the above**

208-A skilled worker is an example of
a. entrepreneur b. capital input **c. labour input** d. b and c above

209-Labour force participation rate is the
a. proportion of population that is working b. proportion of population aged above 20
c. proportion of skilled workers d. proportion of female workers to male workers

210-The set of skills and abilities that workers possess for production of goods and services is
a. motivation b. wealth **c. human capital** d. natural talent.

211-Saqib graduated one month ago. He is still unemployed. His unemployment is
a. structural **b. frictional** c. seasonal d. personal

212-Specialization of labour has the advantage
a. increased production b. use of less capital c. increase in self-sufficiency **d. a and b of above**

213-Every country should have population
a. minimum b. constant **c. optimum** d. fast growing

214-Underemployment of labour means
a. a worker does not get full time job b. a worker is not happy with present job
c. A person does not get job according to his qualification **d. a and c of above**

215-It is an example of labour
a. gambler b. juggler c. computer engineer **d. all of above**

216- Which is NOT an advantage of division of labour
a. workers spend less time moving from job to job b. workers become dependent on other workers
c. workers become more performing repeated tasks d. machinery is more easily introduced to efficient at perform simple tasks

217-Rickshaw has replaced tonga as local transport. As a result the tonga-drivers have become unemployed. Such unemployment is called
a. structural b. frictional c. seasonal d. personal

218-Optimum population is defined by the economists as the level of population at which
a. death rate equals birth rate b. labour productivity is maximized
c. country achieves food self-sufficiency **d. national income per head is maximized**

219-The human effort applied to the production of goods is called in economics
a. labour b. skill c. experience d. service

220-To reduce unemployment the govt. may
a. reduce money supply b. reduce mobility of labour
c. reduce minimum wages **d. increase government spending**

221-They are included in labour EXCEPT
a. college principal b. professors c. office clerk **d. students**

222-Labour cannot be
a. recorded b. satisfied **c. stored** d. controlled

223-In Pakistan rate of labour participation is
a. 13.86% b. 47.23% c. 33.5% **d. 54.82%**

224-Estimate of Pakistan's population for 2025 is
a. 200 million **b. 225 million** c. 330 million d. 420 million
225-This is NOT the result of specialization/division of labor
a. increased production b. improvement in quality of product
c. increase in cost of production d. increase in trade
226-Research increases productivity of
a. Land b. labor c. capital **d. all of the above**
227-If a farmer moves from village to a town and establishes a small factory, it is a kind of mobility
a. geographical b. occupational c. social **d. all of the above**
228-Efficiency of labour is affected by
a. attitude of worker b. attitude of employer c. attitude of spouse **d. all have affect**
229-Labour is
a. perishable b. hirable c. reliable **d. a and b of above**
230-Labour becomes more productive and efficient if
a. wages are raised b. labour unions are banned
c. more capital is used **d. a and c of above**
231-Which is correct
a. poverty creates unemployment b. unemployment creates poverty
c. poverty promotes large families **d. all are correct**
232-Which step is needed for fast development of Pakistan
a. population control b. increase in labour supply c. spread of education **d. a and c of above**
233-According to which characteristic we can reasonably say that Pakistani labour is ahead of developed countries.
a. education b. discipline **c. rigidity of attitude** d. productivity
234-This factor is NOT included in measuring of efficiency of labour
a. amount of goods produced b. quality of goods or services
c. age of the worker d. quantity of materials used
235-Fast growing population of a country may cause
a. unemployment b. food shortage c. poverty **d. all of above are true**
236-This is NOT included in kinds of unemployment
a. unemployment of educated **b. unemployment of the rich**
c. rural unemployment d. structural and seasonal unemployment
237-Malthus predicted that uncontrolled population will double in
a. 15 years **b. 25 years** c. 35 years d. 45 years
238-Malthus wrote the book on
a. population b. labour c. education d. economic development
239-The goods and services produced during an hour of a worker's time is called
a. total output b. productivity c. marginal product **d. efficiency**
240-Which is the most important thing for improving labour productivity.
a. money **b. education** c. high wages d. labour unions
241-Rate of growth of population in Pakistan in 2025 is
a. 4.9 b. 3.9 **c. 2.9** d. 2.1
242- Productivity of labour increases when stock of capital
a. increases b. profits are reduced c. labour is trained **d. a and c of above**
243-The most important cause of poverty in Pakistan is
a. overpopulation b. shortage of land c. underemployment d. tough competition
244- It is an obstacle in mobility of labour
a. illiteracy b. education c. cast system **d. a and c of above**
245-Which is correct statement
a. poverty creates employment b. supply creates its own demand
c. demand creates its own supply d. all of above are correct
246-It is most suitable for large scale organization
a. capitalist b. manager **c. join stock company** d. cooperative society
247-He prepares the initial plan
a. Labour b. sole proprietor **c. entrepreneur** d. owner of the business
248-A public limited company is run by
a. board of governors b. cooperative society c. board of managers d. board of advisors
249-They can expand their business by selling shares in the stock market
a. proprietor of a business b. partners of the business **c. joint stock company** d. corporation
250-Reward of which factor of production is not pre-determined?
a. Capital b. Land c. labor **d. Organisation**
251- It is an example of public limited company
a. proprietorship b. SHELL Petroleum **c. WAPDA** d. President House
252-A public corporation comes into existence by means
a. registration under the Companies Act **b. Act of Parliament**
c. decision by the shareholders d. registration with the Stock Exchange
253-If a public limited company issues bonds to increase resources, then it pays
a. fixed premium to bond holders **b. fixed interest to bond holders**
c. fixed tax to bond holders d. fixed profit to bond holders
254-A joint stock company has
a. limited liability b. unlimited liability c. limited capital d. unlimited capital
255- A person who contributes funds in partnership but does not take active part in management of business is called
a. sleeping partner b. helping partner c. temporary partner d. inactive partner
256-The word 'LIMITED' at the end of a firm's name means
a. it produces only one commodity b. has limited capital
c. It sells at fixed prices **d. shareholders liability to pay debt of firm cannot exceed value of their investment**
257-WAPDA is a
a. public corporation **b. public company** c. private company d. partnership
258-Easy to set up and easy to supervise are advantages of
a. govt. enterprise b. partnership **c. sole proprietor** d. public limited company
259-Shares of which organization can be sold at stock exchange market
a. public limited company **b. private limited company** c. cooperative society d. partnership
260-Returns in production of goods in the short run imply that
a. average product is negative b. total product is negative
c. marginal product is negative **d. marginal cost is falling**

261-Economies of scale are of two kinds
a. internal and external b. temporary and permanent
c. managerial and industrial d. natural and artificial

262-Laws of return apply to firms working in
a. perfect competition b. monopoly c. small firm **d. all kinds of market situations**

263-During short period, diminishing returns may follow because
a. quantity of labour is fixed b. quality of labour is fixed
c. quantity of capital is fixed **d. quantity of any one factor is fixed**

264-Which of the following sayings describes diminishing marginal returns in the short run?
a. "When the cat is away, the mouse will play **b. "Too many cooks spoil the broth"**
c. "A rolling stone gathers no moss d. "A stitch in time saves nine."

265-When a firm using a fixed amount of land and capital takes on more workers, it finds that marginal product (MP) of labour falls but the average product (AP) of labour rises. This can be explained by the factors that
a. MP of labour is greater than AP of labour b. additional workers are more efficient
d. AP of labour is greater than MP of labour c. none of these

266-The maximum point on TP curve is at quantity of labour where
a. Average physical product of labour is equal to 1 b. MPP of labour is at its maximum.
c. Curves of APP and MPP of labour intersect **d. MPP of labour is zero**

267-The govt. constructed a new water reservoir for irrigation; this might be taken as
a. increase in supply of capital b. increase in supply of land
c. increase in supply of land and supply of capital d. None of the above.

268- Internal economies of scale include
a. risk-bearing economies b. trade Mark c. managerial economies **d. a and c of above**

269- If in a production process, all inputs are increased by 10% and output increases by less than 10%, then it is called
a. economies of scale b. diseconomies of scale **c. diminishing marginal returns** d. negative economies

270-The production function relates to ratio
a. cost to output b. cost to input **c. output to input** d. demand to output

271- Marginal product curve intersects average product curve when AP curve is
a. minimum **b. maximum** c. rising d. falling

272-When MP is zero, TP is
a. minimum **b. maximum** c. rising d. falling

273-Marginal product indicates rate of change of
a. law of economic growth b. law of increasing costs c. law of variable costs **d. Total Product**

274-When diseconomies of scale outweigh economies of scale the
a. long run AC curve rises b. marginal cost falls c. long run ATC curve falls d. AVC falls

275-Economies and diseconomies of scale determine the shape of
a. long run AC curve b. short run c. average fixed cost d. none of the above

276-All Internal economies of scale depend upon the expansion of
a. market b. whole industry **c. a single firm** d. international trade

277- When marginal product is more than average product, average product is
a. maximum b. minimum **c. rising** d. falling

278- Marginal product is the slope of
a. TP b. AP c.AC d. TC

279-The relationship between quantity of inputs and quantity of output is called
a. supply function b. quantity function c. profit function **d. production function**

280-All factors of production are variable in
a. long period b. short period c. market supply d. none of these

281-Economies of scale affect shape of
a. **AC curves** b. MC curves c.TP curve d. all of these

282-External economies of scale occur because of
a. efficiency of producer b. trained labour c. new technology **d. expansion of markets**

283-External economies of scale depend upon the expansion of
a. whole industry b. a single firm c. international trade d. national trade

284-Law of decreasing returns generates
a. cost curves b. supply curves c. product curves **d. all of the above**

285-Which of the following is an assumption of perfect competition?
a. few buyers and few sellers b. many buyers and few sellers
c. all sellers and buyers are honest **d. many buyers and many sellers**

286-A firm under perfect competition is:
a. price maker b. price breaker **c. Price taker** d. Price shaker

287-Which of the following markets comes closest to perfect competition?
a. wheat market b. cigarette market c. cold drinks market d. stock market

288- In case of monopoly
a. marginal revenue curve always slopes upward **b. total revenue curve always slopes upward**
c. marginal revenue is always equal to average revenue d. marginal revenue is always less than average revenue

289-This kind of market is undesirable
a. general market b. specialized market c. local market **d. monopoly market**

290-Which is a condition for existence of monopoly
a. big size b. identical productc c. absence of government taxes **d. no close substitute**

291-In case of perfect competition in the market
a. marginal revenue curve always slopes upward b. marginal revenue curve always slopes downward
c. marginal revenue is always equal to average revenue d. marginal revenue is always less than average revenue

292-In the business world
a. a firm working under perfect competition wants to become a monopoly
b. a firm working under monopoly wants to become a competitive firm
c. monopoly price is always higher than competitive price
d. competitive price is always higher than monopoly price

293-Advertising by a firm is unnecessary under the market
a. perfect competition **b. monopoly** c. Oligopoly d. monopoly

294-An economist would describe the shoe industry in Pakistan as
a. pure competition b. oligopoly **c. monopolistic competition** d. monopoly

295-For monopoly firm at various levels
a. AR =MR b. AR < MR c. AR > MR **d. P>MC**

296- Which is NOT a kind of market
a. daily **b. annual** c. short run d. none of the above

297- Under perfect competition MR and AR curves
a. are the same b. minimum. c. in short run d. in long run

298- Which of the following is NOT a characteristic of perfect competition?
a. free entry and exit of the firms. b. homogeneous product **c. monopoly** d. all of above

299-A market situation where a few firms are producing a product is called
a. cartel b. monopoly c. monopolistic competition **d. oligopoly**

300-Excise tax is a part of
a. fixed cost **b. variable cost** c. implicit cost d. is not a part of cost.