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ECO401 ONLIN QUIZZ 3,,, FOR FINAL TERM

Question # 1 of 15 (Start time: 01:51:04 AM) Total Marks: 1
Which of the following events shifts the short-run aggregate supply curve to the right?
Select correct option:
A decrease in the money supply
A drop in oil prices
An increase in government spending on military equipment
An increase in price expectations
Question # 2 of 15 (Start time: 01:51:12 AM) Total Marks: 1
The percentage change in quantity demanded given a percentage change in consumer's income is known as:
Select correct option:
Price elasticity of demand.
Income elasticity of demand.
Supply price elasticity.
Cross price elasticity.
Question # 3 of 15 (Start time: 01:51:20 AM) Total Marks: 1
Marginal utility is best described as:
Select correct option:
The additional satisfaction gained by consumption of the last good.
The per unit satisfaction of the good consumed.
The total satisfaction gained from the total consumption of the good.
The change in satisfaction from consuming one additional unit of the good.
Question # 4 of 15 (Start time: 01:51:46 AM) Total Marks: 1
To make the equation of exchange into the quantity theory of money:
Select correct option:
V and Q are assumed to be constant.
The money supply is assumed to be produced by the banking system and not exclusively in currency.
The quantity of money is assumed to determine the amount of Real GDP.

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M and P are considered constant.
Question # 5 of 15 (Start time: 01:51:53 AM) Total Marks: 1
The figure that results when goods imports are subtracted from goods exports is:
Select correct option:
The capital account balance.
The balance of trade.
Always greater than zero.
Always less than zero.
Question # 6 of 15 (Start time: 01:52:11 AM) Total Marks: 1
Cartels are:
Select correct option:
Organizations of independent firms, producing similar products, that work together to raise prices and restrict output
Organizations of interdependent firms
Oligopolies
All of the above
Question # 7 of 15 (Start time: 01:52:17 AM) Total Marks: 1
According to economy is always at full employment level. Economy would automatically find the new equilibrium in the short run.
Select correct option:
True
False
Question # 8 of 15 (Start time: 01:52:38 AM) Total Marks: 1
The relationship between tax rates and total tax collections by government is known as:
Select correct option:
Laffer curve.
Demand curve.
Supply curve.
Investment curve.
Question # 9 of 15 (Start time: 01:52:48 AM) Total Marks: 1
In a perfectly competitive market:
Select correct option:
Firms can freely enter and exit.
Firms sell a differentiated product.
Transaction costs are high.
All of the given options.

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Question # 10 of 15 (Start time: 01:53:07 AM) Total Marks: 1
Which of the following is the Fisher Equation of Exchange?
Select correct option:
MT=PV.
VT=PM.
MV=PQ.
MY=VP.

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Question # 11 of 15 (Start time: 01:53:12 AM) Total Marks: 1
AD curve slopes downward for both Keynes and classicals.
Select correct option:
True
False
Question # 12 of 15 (Start time: 01:53:28 AM) Total Marks: 1
Which of the following statements describes increasing returns to scale:
Select correct option:
Doubling the inputs used leads to double the output.
Increasing the inputs by 50% leads to a 25% increase in output.
Increasing inputs by 1/4 leads to an increase in output of 1/3.
None of the given options.
Question # 13 of 15 (Start time: 01:53:34 AM) Total Marks: 1
In Keynesian economics, if aggregate expenditures are less than aggregate output then:
Select correct option:
The price level rises.
Inventories decrease.
Employment decreases.
Aggregate output increases.
Question # 14 of 15 (Start time: 01:53:41 AM) Total Marks: 1
A price taker is:
Select correct option:
A firm that accepts different prices from different customers.
A monopolistically competitive firm.
A firm that cannot influence the market price.
An oligopolistic firm.
Question # 15 of 15 (Start time: 01:53:51 AM) Total Marks: 1
Deflation is:
Select correct option:
An increase in the overall level of economic activity.
An increase in the overall price level.
A decrease in the overall level of economic activity.
A decrease in the overall price level.
Question # 1 of 15 (Start time: 02:03:04 AM) Total Marks: 1
The short run, as economists use the phrase, is characterised by:
Select correct option:
All inputs being variable.

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At least one fixed factor of production and firms neither leaving nor entering the industry.
No variable inputs - that is, all of the factors of production are fixed.
A period where the law of diminishing returns does not hold.
Question # 2 of 15 (Start time: 02:03:15 AM) Total Marks: 1
While drawing a given market demand curve,---------- is not considered constant.
Select correct option:
Income.
The price of the good in question.

The prices of related goods.
Preferences.
Question # 3 of 15 (Start time: 02:03:26 AM) Total Marks: 1
The study of economics basically focuses on:
Select correct option:
For whom resources are allocated to increase efficiency.
How society spends the income of individuals.
How scarce resources are allocated to fulfill society's goals.
What scarce resources are used to produce goods and services.
Question # 4 of 15 (Start time: 02:03:35 AM) Total Marks: 1
When the price elasticity of demand for a good is greater than 1, we say that the demand is:
Select correct option:
Increasing.
Decreasing.
Elastic.
Inelastic.

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Question # 5 of 15 (Start time: 02:03:42 AM) Total Marks: 1
According to Keynesian economics, aggregate expenditures are the sum of desired or planned spending undertaken by:
Select correct option:
The household sector after taxes.
The business and government sectors.
All four sectors only when the economy is at full employment.
All four sectors at a specific aggregate production level.
Question # 6 of 15 (Start time: 02:03:49 AM) Total Marks: 1
The percentage change in quantity demanded of a given good, with respect to the percentage change in the price of "another" good is called:
Select correct option:
Price elasticity of demand.
Income elasticity of demand.
Cross price elasticity of demand.
Supply price elasticity.

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Question # 7 of 15 (Start time: 02:03:56 AM) Total Marks: 1
There are _____methods of measuring GDP:
Select correct option:
Four
Three
Five
None
Question # 8 of 15 (Start time: 02:04:02 AM) Total Marks: 1
Revenue is equal to:

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Select correct option:
Price times quantity.
Price times quantity minus total cost.
Price times quantity minus average cost.
Price times quantity minus marginal cost.
Question # 9 of 15 (Start time: 02:04:11 AM) Total Marks: 1
If a firm pays cash to buy a building so as to have office space for its workers, the monthly opportunity cost of the building is best measured as:
Select correct option:
The price the firm paid divided by twelve.
Zero.
The rent the firm could earn if it rented the building to another firm.
The monthly mortgage payment the firm would have had to pay.
Question # 10 of 15 (Start time: 02:04:17 AM) Total Marks: 1
The concave shape of the production possibilities curve for two goods X and Y illustrates:
Select correct option:
Increasing opportunity costs for both goods.
Increasing opportunity cost for good X but not for good Y.
Increasing opportunity cost for good Y but not for good X.
Constant opportunity costs for both goods.
Question # 11 of 15 (Start time: 02:04:32 AM) Total Marks: 1
The upward-sloping aggregate supply curve indicates that:
Select correct option:
As firms increase their level of output, the cost of producing an extra unit increases
An increase in aggregate demand causes little, if any increase in real output
The economy is operating in the long run
Any increase in aggregate demand causes the output of producers to fall because the general price level rises
Question # 12 of 15 (Start time: 02:04:56 AM) Total Marks: 1
Which of the following concepts apply to oligopoly more than to any other market structure?
Select correct option:
Advertising and product differentiation
Easy entry and more than one firm in the market
Homogeneous product and perfect information
Concentration and interdependence

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Question # 13 of 15 (Start time: 02:05:03 AM) Total Marks: 1
Is GDP an accurate measure of a country's well being?
Select correct option:
Yes, it is the best measure of national well being.
Yes, provided we use real GDP and not nominal GDP.
Uncertain, depending on whether GDP is rising or falling.
No, it is not.
Question # 14 of 15 (Start time: 02:06:20 AM) Total Marks: 1
The market structure in which there is interdependence among firms is:

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Select correct option:
Monopolistic competition.
Oligopoly.
Perfect competition.
Monopoly.
Question # 15 of 15 (Start time: 02:06:27 AM) Total Marks: 1
The relationship between tax rates and total tax collections by government is known as:
Select correct option:
Laffer curve.
Demand curve.
Supply curve.
Investment curve.
Question # 1 of 15 (Start time: 02:43:25 AM) Total Marks: 1
According the law of diminishing returns:
Select correct option:
The marginal product falls as more units of a variable factor are added to a fixed factor.
Marginal utility falls as more units of a product are consumed.
The total product falls as more units of a variable factor are added to a fixed factor.
The marginal product increases as more units of a variable factor are added to a fixed factor.
Question # 2 of 15 (Start time: 02:44:54 AM) Total Marks: 1
"Capital widening" means:
Select correct option:
More capital and more labour, but with the same amount of capital per unit of labour.
More capital per unit of labour. Increasing
the usage of existing capital. Importing
capital from the developed world.

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Question # 3 of 15 (Start time: 02:45:07 AM) Total Marks: 1
A firm never operates:
Select correct option:
At the minimum of its average total cost curve.

At the minimum of its average variable cost curve.
On the downward-sloping portion of its average total cost curve.
On the downward-sloping portion of its average variable cost curve.
Question # 4 of 15 (Start time: 02:45:39 AM) Total Marks: 1
Which of the following will happen if there is an increase in the long term economic growth?
Select correct option:
The production possibilities curve will shift outward.
The production possibilities curve will shift inward.

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There will be a movement from inside the production possibilities curve to a point on the production possibilities curve.
There will be a movement from the production possibilities curve to a point inside the production possibilities curve.
Question # 5 of 15 (Start time: 02:46:54 AM) Total Marks: 1
In monopolist market, a new entrant firm should produce where:
Select correct option:
Marginal Cost < Marginal Revenue.
Marginal Cost > Marginal Revenue.
Marginal Cost = Marginal Revenue.
Marginal Cost = Average Revenue.
Question # 6 of 15 (Start time: 02:47:15 AM) Total Marks: 1
Endogenous growth theory was developed in:
Select correct option:
1980.
1965.
1970.
1950.
Question # 7 of 15 (Start time: 02:47:40 AM) Total Marks: 1
If the cross price elasticity of demand between two products is +3.5, then:
Select correct option:
One of the products is expensive and one is relatively inexpensive.
One product is a normal good and the other is an inferior good.
The two products are complements.
The two products are substitutes.
Question # 8 of 15 (Start time: 02:48:11 AM) Total Marks: 1
In a production process, all inputs are increased by 10%; but output increases more than 10%. This means that the firm experiences:
Select correct option:
Decreasing returns to scale.
Constant returns to scale.
Increasing returns to scale.
Negative returns to scale.
Question # 9 of 15 (Start time: 02:48:30 AM) Total Marks: 1
Which of the following might be considered to be a characteristic of a planned economy?
Select correct option:
All income is completely evenly distributed.

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Price is relatively unimportant as a means of allocating resources.
Goods and services produced reflect consumer sovereignty.
There is no incentive for people to work hard.
Question # 10 of 15 (Start time: 02:48:57 AM) Total Marks: 1
If marginal product is above the average product:
Select correct option:
The total product will fall
The average product will rise
Average variable costs will fall

Total revenue will fall
Question # 11 of 15 (Start time: 02:49:43 AM) Total Marks: 1
If there is a price ceiling, there will be:
Select correct option:
Shortages.
Surpluses.
Equilibrium.
None of the given options.
Question # 12 of 15 (Start time: 02:50:14 AM) Total Marks: 1
A new technology which reduces costs for firms:
Select correct option:
Shifts the supply curve to the right.
Shifts the supply curve to the left.
Reduces the equilibrium quantity.
Raises the equilibrium price.
Question # 13 of 15 (Start time: 02:50:43 AM) Total Marks: 1
At any given point on an indifference curve, the the slope is equal to:
Select correct option:
Unity.
The marginal rate of substitution.
The consumer's marginal utility.
None of the given options.

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Question # 14 of 15 (Start time: 02:51:55 AM) Total Marks: 1
The figure that results when goods imports are subtracted from goods exports is:
Select correct option:
The capital account balance.
The balance of trade.
Always greater than zero.
Always less than zero.
Question # 15 of 15 (Start time: 02:52:14 AM) Total Marks: 1
Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:
Select correct option:
The demand for both Y and Z will increase

The demand for Y will increase while the demand for Z will decrease
The demand for Y will decrease while the demand for Z will increase
The demand for both Y and Z will decrease
Question # 1 of 15 (Start time: 03:18:32 AM) Total Marks: 1
The extra value that consumers receive above what they pay for that good is called:
Select correct option:
Producer surplus.
Utility.
Marginal utility.

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Consumer surplus.
Question # 2 of 15 (Start time: 03:19:12 AM) Total Marks: 1
"Each firm produces an identical product and there is freedom of entry and exit". This is TRUE for which of the following market structures?
Select correct option:
For Monopoly.
For Oligopoly.
For Perfect competition.
For Monopolistic competition.
Question # 3 of 15 (Start time: 03:20:00 AM) Total Marks: 1
Which of the following might be considered to be a characteristic of a planned economy?
Select correct option:
All income is completely evenly distributed.
Price is relatively unimportant as a means of allocating resources.
Goods and services produced reflect consumer sovereignty.
There is no incentive for people to work hard.
Question # 4 of 15 (Start time: 03:20:15 AM) Total Marks: 1
The burden of a tax is shifted toward buyers if:
Select correct option:
Demand is perfectly elastic.
Demand is relatively more elastic than supply.
Demand is relatively more inelastic than supply.
Demand and supply have equal elasticities.
Question # 5 of 15 (Start time: 03:20:32 AM) Total Marks: 1
A demand schedule is best described as:
Select correct option:
A numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.
A graphical representation of the law of demand.
A systematic listing of all the variables that might conceivably bring about a change in demand.
A symbolic representation of the law of demand: P, Q and P, Q.
Question # 6 of 15 (Start time: 03:20:54 AM) Total Marks: 1
The shape of production possibilities curve is:
Select correct option:
Concave.
Convex.

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Linear.
Positive.
Question # 7 of 15 (Start time: 03:22:12 AM) Total Marks: 1
We know that the demand for a product is elastic if:
Select correct option:
When price rises, revenue rises.
When price rises, revenue falls.
When price rises, quantity demanded rises.
When price falls, quantity demanded rises.

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Question # 8 of 15 (Start time: 03:22:29 AM) Total Marks: 1
Moving from left to right, the typical production possibilities curve:
Select correct option:
Is horizontal.
Has a constant positive slope.
Illustrates increasing opportunity costs.
Illustrates decreasing opportunity costs.
Question # 9 of 15 (Start time: 03:22:46 AM) Total Marks: 1
When oligopolists collude, they are able to:
Select correct option:
Raise price, but not restrict output
Raise price and restrict output, but not attain the monopoly profit
Raise price and restrict output, and therefore attain the monopoly profit
Restrict output, but not raise price
Question # 10 of 15 (Start time: 03:23:13 AM) Total Marks: 1
The concave shape of the production possibilities curve for two goods X and Y illustrates:
Select correct option:
Increasing opportunity costs for both goods.
Increasing opportunity cost for good X but not for good Y.
Increasing opportunity cost for good Y but not for good X.
Constant opportunity costs for both goods.
Question # 11 of 15 (Start time: 03:24:13 AM) Total Marks: 1
Which of the following is not a stock variable?
Select correct option:
Government debt
The labor force
The amount of money held by the public
Inventory investment
Question # 12 of 15 (Start time: 03:24:56 AM) Total Marks: 1
A £1 increase in government spending will have a larger impact upon national income than a £1 tax cut because:
Select correct option:
The government prints the pound it spends.
Not all of a tax cut is spent.
When taxes are cut, so too is government spending.
Taxes are an injection into the system.

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Question # 13 of 15 (Start time: 03:25:59 AM) Total Marks: 1
When government sets the price of a good and that price is above the equilibrium price, the result will be:
Select correct option:
A surplus of the good.
A shortage of the good.
An increase in the demand for the good.
A decrease in the supply of the good.

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Question # 14 of 15 (Start time: 03:26:47 AM) Total Marks: 1
The kinked demand curve model is based on the assumption that each firm:
Select correct option:
Considers its rival's output to be fixed
Considers its rival's price to be fixed
Believes rivals will match all price changes
None of the given options
Question # 15 of 15 (Start time: 03:27:10 AM) Total Marks: 1
The government has a budget surplus if:
Select correct option:
Its total revenues are equal to its total expenditures.
Its total revenues are less than its total expenditures.
Its total revenues are greater than its total expenditures.
The money supply is less than total expenditures.
Question # 1 of 15 (Start time: 04:20:53 AM) Total Marks: 1
The law of diminishing marginal utility indicates that the demand curve is:
Select correct option:
Vertical. U
shaped. Upward
sloping.
Downward sloping.
Question # 2 of 15 (Start time: 04:21:04 AM) Total Marks: 1
Unemployment benefits may increase the unemployment rate because unemployment benefits:
Select correct option:
Reduce the cost of job search.
Encourage people to quit their jobs.
Reduce the benefits of additional job searching.
Enable people to quit searching for work.
Question # 3 of 15 (Start time: 04:21:37 AM) Total Marks: 1
One explanation why the economy does not self correct quickly is
Select correct option:
With less consumption and more savings the interest rate will drop
In the short run workers are fully employed and cannot produce enough to get to long run equilibrium

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Wages and prices are flexible
Wages and prices are sticky
Question # 4 of 15 (Start time: 04:21:44 AM) Total Marks: 1
An indifference curve is:
Select correct option:
A collection of market baskets that are equally desirable to the consumer.
A collection of market baskets that the consumer can buy.
A curve whose elasticity is constant for every price.
A curve which passes through the origin and includes all of the market baskets that the

consumer regards as being equivalent.
Question # 5 of 15 (Start time: 04:22:31 AM) Total Marks: 1
If the cost of computer components falls, then
Select correct option:
The demand curve for computers shifts to the right.
The demand curve for computers shifts to the left.
The supply curve for computers shifts to the right.
The supply curve for computers shifts to the left.
Question # 6 of 15 (Start time: 04:23:14 AM) Total Marks: 1
Insurance companies operate under the principle of:
Select correct option:
Law of large numbers.
Law of small numbers.
Law of zero numbers.
All of the given options.
Question # 7 of 15 (Start time: 04:24:10 AM) Total Marks: 1
The short run, as economists use the phrase, is characterised by:
Select correct option:
All inputs being variable.
At least one fixed factor of production and firms neither leaving nor entering the industry.
No variable inputs - that is, all of the factors of production are fixed.
A period where the law of diminishing returns does not hold.

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Question # 8 of 15 (Start time: 04:24:41 AM) Total Marks: 1
All other things equal, GDP will rise if:
Select correct option:
Imports rise
Exports fall
Durable goods consumption rises
Military spending falls
Question # 9 of 15 (Start time: 04:24:49 AM) Total Marks: 1
An individual whose attitude towards risk is known as:
Select correct option:
Risk averse.

Risk loving.
Risk neutral.
None of the given is necessarily correct.
Question # 10 of 15 (Start time: 04:25:55 AM) Total Marks: 1
When an industry's raw material costs increase, other things remaining the same:
Select correct option:
The supply curve shifts to the left.
The supply curve shifts to the right.
Output increases regardless of the market price and the supply curve shifts upward.

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Output decreases and the market price also decrease.
Question # 11 of 15 (Start time: 04:26:23 AM) Total Marks: 1
If the cross price elasticity of demand between two products is +3.5, then:
Select correct option:
One of the products is expensive and one is relatively inexpensive.
One product is a normal good and the other is an inferior good.
The two products are complements.
The two products are substitutes.
Question # 12 of 15 (Start time: 04:26:32 AM) Total Marks: 1
Which of the following is a characteristic of a mixed economy?
Select correct option:
In mixed economy, resources are governed by both government and individuals.
Mixed economy utilizes the characteristics of both market economy and planned economy to allocate goods and services.
People are free to make their decisions and government controls the Defence.
All of the given options are true.
Question # 13 of 15 (Start time: 04:26:40 AM) Total Marks: 1
The relationship between tax rates and total tax collections by government is known as:
Select correct option:
Laffer curve.
Demand curve.
Supply curve.
Investment curve.
Question # 14 of 15 (Start time: 04:26:48 AM) Total Marks: 1
The figure that results when goods imports are subtracted from goods exports is:
Select correct option:
The capital account balance.
The balance of trade.
Always greater than zero.
Always less than zero.
Question # 15 of 15 (Start time: 04:26:55 AM) Total Marks: 1
The numerical measurement of a consumer's preference is called:
Select correct option:
Satisfaction.
Use.
Pleasure.
Utility.

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Question # 1 of 15 (Start time: 04:58:41 AM) Total Marks: 1
If a firm operates in a perfectly competitive market, then it will most likely:
Select correct option:
Advertise its product on television.
Have difficult time obtaining information about the market price.
Settle for whatever price is offered.
Have an easy time keeping other firms out of the market.
Question # 2 of 15 (Start time: 04:58:49 AM) Total Marks: 1
According to Keynesian economics, aggregate expenditures are the sum of desired or

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planned spending undertaken by:
Select correct option:
The household sector after taxes.
The business and government sectors.
All four sectors only when the economy is at full employment.

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All four sectors at a specific aggregate production level.
Question # 3 of 15 (Start time: 04:58:57 AM) Total Marks: 1
A rational person does not act unless:
Select correct option:
The action is ethical.
The action produces marginal costs that exceeds marginal benefits.
The action produces marginal benefits that exceeds marginal costs.
The action makes money for the person.
Question # 5 of 15 (Start time: 05:00:38 AM) Total Marks: 1
A group of modern economists who believe that markets clear very rapidly and that expanding the money supply will always increase prices rather than employment are the:
Select correct option:
Keynesians
Monetarists
New Classical school
Post-Keynesians
Question # 6 of 15 (Start time: 05:01:23 AM) Total Marks: 1
Assume that the government sets a ceiling on the interest rate that banks charge on loans. If the ceiling is set below the market equilibrium interest rate, the result will be:
Select correct option:
A surplus of credit.
A shortage of credit.
Greater profits for banks issuing credit.
A perfectly inelastic supply of credit in the market place.
Question # 7 of 15 (Start time: 05:01:48 AM) Total Marks: 1
If the quantity supplied of mangoes exceeds the quantity demanded of mangoes:
Select correct option:
There is a shortage of mangoes.
Market forces will cause the price to fall.

Market forces will cause the price to rise.
The market is in equilibrium.
Question # 8 of 15 (Start time: 05:01:54 AM) Total Marks: 1
When the price of petrol rises by 8%, the quantity of petrol purchased falls by 6%. This shows that the demand for petrol is:
Select correct option:
Perfectly elastic.
Unit elastic.
Price elastic.

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Price inelastic.
Question # 9 of 15 (Start time: 05:02:37 AM) Total Marks: 1
Investment expenditures are expenditures made by the _____sector:
Select correct option:
Foreign.
Business.
Household.
Government.
Question # 10 of 15 (Start time: 05:02:43 AM) Total Marks: 1
What would result from a depreciation of the pound on the foreign exchange market?
Select correct option:
An increase in the price of imported computers.
A fall in the purchasing power of US tourists in London.
A fall in the price of imported computers.
An increase in the purchasing power of UK tourists overseas.
Question # 11 of 15 (Start time: 05:02:53 AM) Total Marks: 1
In the kinked demand curve model, if one firm reduces its price:
Select correct option:
Other firms will also reduce their price

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Other firms will compete on a non-price basis
Other firms will raise their price
Both (a) and (b) are correct
Question # 12 of 15 (Start time: 05:02:59 AM) Total Marks: 1
Which of the following is not an assumption of ordinal utility analysis?
Select correct option:
Consumers are consistent in their preference.
Consumers can measure the total utility received from any given basket of good.
Consumers are non-satiated with respect to the goods they confront.
All are necessary.
Question # 13 of 15 (Start time: 05:03:06 AM) Total Marks: 1
Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:
Select correct option:
The demand for both Y and Z will increase.

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The demand for Y will increase while the demand for Z will decrease.
The demand for Y will decrease while the demand for Z will increase.
The demand for both Y and Z will decrease.
Question # 14 of 15 (Start time: 05:03:13 AM) Total Marks: 1
The demand curve facing a perfectly competitive firm is:
Select correct option:
The same as its average revenue curve but not the same as its marginal revenue curve.
The same as its average revenue curve and its marginal revenue curve.
The same as its marginal revenue curve but not its average revenue curve.

Not the same as either its marginal revenue curve or its average revenue curve.
Question # 15 of 15 (Start time: 05:03:30 AM) Total Marks: 1
Moving from left to right, the typical production possibilities curve:
Select correct option:
Is horizontal.
Has a constant positive slope.
Illustrates increasing opportunity costs.
Illustrates decreasing opportunity costs.
Question # 1 of 15 (Start time: 05:06:55 AM) Total Marks: 1
The traditional Phillips Curve shows the:
Select correct option:
Inverse relationship between the rate of inflation and the unemployment rate.
Inverse relationship between the nominal and the real wage.
Direct relationship between unemployment and demand-pull inflation.
Tradeoff between the short run and the long run.
Question # 2 of 15 (Start time: 05:07:15 AM) Total Marks: 1
More output could be produced with available resources if:
Select correct option:
Resources are allocated efficiently.
Resources are imperfectly shiftable among alternative uses.
Prices are reduced.
The economy is operating at a point inside the production possibilities curve.
Question # 3 of 15 (Start time: 05:08:39 AM) Total Marks: 1
If the equilibrium price of bread is Rs. 3 and the government imposes Rs. 2 price ceiling on the price of bread then:
Select correct option:
More bread will be produced to meet the increased demand.
There will be a shortage of bread.
The demand for bread will decrease because suppliers will reduce their supply.
A surplus of bread will emerge.
Question # 4 of 15 (Start time: 05:08:50 AM) Total Marks: 1
Profit is maximized when:
Select correct option:
Marginal revenue product is greater than marginal input cost
Marginal revenue product equals marginal input cost
Marginal revenue product is less than marginal input cost
Output is maximized

Question # 5 of 15 (Start time: 05:08:59 AM) Total Marks: 1
The government has a balanced budget if:
Select correct option:
Its total revenues are equal to its total expenditures.
Its total revenues are less than its total expenditures.
Its total revenues are greater than its total expenditures.

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The money supply is less than total expenditures.
Question # 6 of 15 (Start time: 05:09:26 AM) Total Marks: 1
Which of the following is a characteristic of a mixed economy?
Select correct option:
In mixed economy, resources are governed by both government and individuals.
Mixed economy utilizes the characteristics of both market economy and planned economy to allocate goods and services.
People are free to make their decisions and government controls the Defence.
All of the given options are true.
Question # 7 of 15 (Start time: 05:09:33 AM) Total Marks: 1
Assume that the current market price is below the market clearing level. We would expect:
Select correct option:
A surplus to accumulate.
Downward pressure on the current market price.
Upward pressure on the current market price.
Lower production during the next time period.
Question # 8 of 15 (Start time: 05:09:48 AM) Total Marks: 1
Which one of the following is most likely to lead to an increase in aggregate demand? An increase in:
Select correct option:
Government tax revenues
Household savings
Business capital investment
Demand for imports
Question # 9 of 15 (Start time: 05:10:01 AM) Total Marks: 1
The upward-sloping aggregate supply curve indicates that:
Select correct option:
As firms increase their level of output, the cost of producing an extra unit increases
An increase in aggregate demand causes little, if any increase in real output
The economy is operating in the long run
Any increase in aggregate demand causes the output of producers to fall because the general price level rises
Question # 10 of 15 (Start time: 05:10:38 AM) Total Marks: 1
A tax on the accounting profits of corporations is known as:
Select correct option:
Sales tax.

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Excise tax.
Corporate income tax.
Personal income tax.
Question # 11 of 15 (Start time: 05:10:58 AM) Total Marks: 1
The point at which AC intersects MC is where:
Select correct option:
AC is decreasing.
MC is at its minimum.
AC is at its minimum.

AC is at its maximum.
Question # 12 of 15 (Start time: 05:11:05 AM) Total Marks: 1
Deflation is:
Select correct option:
An increase in the overall level of economic activity.
An increase in the overall price level.
A decrease in the overall level of economic activity.
A decrease in the overall price level.
Question # 13 of 15 (Start time: 05:11:11 AM) Total Marks: 1
A demand schedule is best described as:
Select correct option:
A numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.
A graphical representation of the law of demand.
A systematic listing of all the variables that might conceivably bring about a change in demand.
A symbolic representation of the law of demand: P, Q and P, Q.
Question # 14 of 15 (Start time: 05:11:17 AM) Total Marks: 1
Assume that the government sets a ceiling on the interest rate that banks charge on loans. If the ceiling is set below the market equilibrium interest rate, the result will be:
Select correct option:
A surplus of credit.
A shortage of credit.

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Greater profits for banks issuing credit.
A perfectly inelastic supply of credit in the market place.
Question # 15 of 15 (Start time: 05:11:33 AM) Total Marks: 1
The percentage change in quantity demanded of a given good, with respect to the percentage change in the price of "another" good is called:
Select correct option:
Price elasticity of demand.
Income elasticity of demand.
Cross price elasticity of demand.
Supply price elasticity.
Question # 1 of 15 (Start time: 05:22:25 AM) Total Marks: 1

The government has a balanced budget if:
Select correct option:
Its total revenues are equal to its total expenditures.
Its total revenues are less than its total expenditures.
Its total revenues are greater than its total expenditures.
The money supply is less than total expenditures.
Question # 2 of 15 (Start time: 05:22:32 AM) Total Marks: 1
“Each firm produces an identical product and there is freedom of entry and exit”. This is TRUE for which of the following market structures?

Select correct option:
For Monopoly.
For Oligopoly.
For Perfect competition.
For Monopolistic competition.
Question # 3 of 15 (Start time: 05:22:38 AM) Total Marks: 1
In Keynesian economics, an inflationary gap results if:
Select correct option:
Aggregate expenditures are less than aggregate production.
Aggregate expenditures are greater than aggregate production.
Aggregate expenditures are equal to aggregate production.
There are no changes in inventories.
Question # 4 of 15 (Start time: 05:23:24 AM) Total Marks: 1
If we observe that the production possibilities curve becomes steeper as we move down along the curve, then:
Select correct option:
Opportunity costs are increasing.
Society's resources are limited.
Society's wants are unlimited.
Society's wants are unlimited.
Question # 5 of 15 (Start time: 05:23:32 AM) Total Marks: 1
The upward-sloping aggregate supply curve indicates that:
Select correct option:
As firms increase their level of output, the cost of producing an extra unit increases
An increase in aggregate demand causes little, if any increase in real output
The economy is operating in the long run
Any increase in aggregate demand causes the output of producers to fall because the general price level rises
Question # 6 of 15 (Start time: 05:23:39 AM) Total Marks: 1
Which of the following is true about the market mechanism?
Select correct option:
It is not a very efficient means of communicating consumer demand to the producers of goods and services.
It works through central planning by government.
It eliminates market failures created by government.
It works because prices serve as a means of communication between consumers and producers.

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Question # 7 of 15 (Start time: 05:24:13 AM) Total Marks: 1
If the supply of a product decreases and supply curve shifts leftward, and the demand for that product simultaneously increases and demand curve shifts rightward, then equilibrium:
Select correct option:
Price must rise.
Price must fall.
Quantity must rise.
Quantity must fall.

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Question # 8 of 15 (Start time: 05:24:21 AM) Total Marks: 1
The oligopoly model that predicts that oligopoly prices will tend to be very rigid is the _____model.
Select correct option:
Cournot
Stackelberg
Dminant firm
Kinked demand
Question # 9 of 15 (Start time: 05:24:27 AM) Total Marks: 1
If there is a price ceiling, there will be:
Select correct option:
Shortages.
Surpluses.
Equilibrium.
None of the given options.

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Question # 10 of 15 (Start time: 05:24:35 AM) Total Marks: 1
If firms in a competitive industry are experiencing losses in the short run, then:
Select correct option:
The firms will try to raise prices.
Some firms will choose to shut down.
The industry will cease to exist.
New firms will enter the industry.
Question # 11 of 15 (Start time: 05:25:32 AM) Total Marks: 1
If injections are less than withdrawals at the full-employment level of income then there arises:
Select correct option:
A deflationary gap.
Hysteresis.
Hyperinflation.
An inflationary gap.
Question # 12 of 15 (Start time: 05:25:39 AM) Total Marks: 1
The market structure in which there is interdependence among firms is:
Select correct option:
Monopolistic competition.

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Oligopoly.
Perfect competition.
Monopoly.
Question # 13 of 15 (Start time: 05:25:47 AM) Total Marks: 1
In which market structure(s) will price exceed marginal revenue?
Select correct option:
Differentiated oligopoly and monopoly only
Standardized oligopoly and pure competition only
Monopolistic competition and monopoly only

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Monopolistic competition, oligopoly, and monopoly
Question # 14 of 15 (Start time: 05:25:56 AM) Total Marks: 1
Which of the following is a correct statement about the substitution effect?
Select correct option:
The substitution effect is always negative.
The substitution effect is positive for an inferior good.
The substitution effect measures how demand changes when income changes.
The substitution effect is positive for a Giffen good.
Question # 15 of 15 (Start time: 05:26:05 AM) Total Marks: 1
In which market structure do firms exist in very large numbers, each firm produces an identical product and there is freedom of entry and exit?
Select correct option:
Monopoly
Oligopoly
Perfect competition
Monopolistic competition
Question # 1 of 15 (Start time: 05:32:45 AM) Total Marks: 1
The slope of the consumption function (or line) is the:
Select correct option:
Average propensity to save.
Average propensity to consume.
Marginal propensity to save.
Marginal propensity to consume.
Question # 2 of 15 (Start time: 05:32:53 AM) Total Marks: 1
The price elasticity of demand measures the responsiveness of quantity demanded to:
Select correct option:
Quantity demanded.
Quantity supplied.
Price.
Output.
Question # 3 of 15 (Start time: 05:32:59 AM) Total Marks: 1
Which of the following is considered to be a variable cost in the long run?
Select correct option:
Expenditures for wages.
Expenditures for research and development.
Expenditures for raw materials.
All of the given Costs.

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Question # 4 of 15 (Start time: 05:33:34 AM) Total Marks: 1
Consumption spending, investment expenditures, government expenditures, and net exports are:
Select correct option:
The components of aggregate supply
The components of government revenue
The components of aggregate demand
The components of household income
Question # 5 of 15 (Start time: 05:33:56 AM) Total Marks: 1

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If we observe that the production possibilities curve becomes steeper as we move down along the curve, then:
Select correct option:
Opportunity costs are increasing.
Society's resources are limited.
Society's wants are unlimited.
Society's wants are unlimited.
Question # 6 of 15 (Start time: 05:34:03 AM) Total Marks: 1
In the exogenous growth model, if investment exceeds depreciation, the capital stock will_____and output will _____until the steady state is attained.
Select correct option:
Increase; increase.
Increase; decrease.
Decrease; decrease.
Decrease; increase.
Question # 7 of 15 (Start time: 05:34:34 AM) Total Marks: 1
The law of increasing opportunity costs states that:
Select correct option:
The more one is willing to pay for resources, the larger will be the possible level of production.
Increasing the production of a particular good will cause the price of the good to rise.
In order to produce additional units of a particular good, it is necessary for society to sacrifice increasingly larger amounts of alternative goods.
Only by keeping production constant can rising prices be avoided.
Question # 8 of 15 (Start time: 05:36:02 AM) Total Marks: 1
International data suggest that economies of countries with different steady states will converge to:
Select correct option:
The same steady state.
Their own steady state.
The Golden Rule steady state.
Steady states below the Golden Rule level.
Question # 9 of 15 (Start time: 05:36:13 AM) Total Marks: 1
The law of diminishing marginal utility:
Select correct option:
Refers to the decrease in total satisfaction as more units of the good are consumed.

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Refers to the fall in additional satisfaction created by consumption of more and more.
Refers to the units of a good.
Refers to the idea that total utility is negative.
Question # 10 of 15 (Start time: 05:36:21 AM) Total Marks: 1
Other things being equal, expected income can be used as a direct measure of well-being:
Select correct option:
No matter what a person's preference to risk.

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If and only if individuals are not risk-loving.
If and only if individuals are risk averse.
If and only if individuals are risk neutral.
Question # 11 of 15 (Start time: 05:36:46 AM) Total Marks: 1
According to Keynesian economics, aggregate expenditures are the sum of desired or planned spending undertaken by:
Select correct option:
The household sector after taxes.
The business and government sectors.
All four sectors only when the economy is at full employment.
All four sectors at a specific aggregate production level.
Question # 12 of 15 (Start time: 05:36:59 AM) Total Marks: 1
AD curve slopes upward for both Keynes and classical
Select correct option:
True
False
Question # 13 of 15 (Start time: 05:37:15 AM) Total Marks: 1
Which of the following does NOT refer to macroeconomics?
Select correct option:
The study of the aggregate level of economic activity.
The study of the economic behavior of individual decision-making units such as consumers, resource owners, and business firms.
The study of the cause of unemployment.
The study of the cause of inflation.
Question # 14 of 15 (Start time: 05:37:29 AM) Total Marks: 1
The classical economists thought that the economy would quickly overcome any short run instability because:
Select correct option:
Price level and quantity were flexible
Prices would get stuck at a low level
The long run aggregate supply would shift to the left
Prices and wages were flexible
Question # 15 of 15 (Start time: 05:37:50 AM) Total Marks: 1
It is expected that the sign of cross price elasticity of demand between two complementary goods would be:
Select correct option:
Positive.

Negative.
Zero.
Ambiguous.
Question # 1 of 15 (Start time: 05:43:36 AM) Total Marks: 1
If a decrease in price increases total revenue:
Select correct option:
Demand is elastic.
Demand is inelastic.
Supply is elastic.

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Supply is inelastic.
Question # 2 of 15 (Start time: 05:43:52 AM) Total Marks: 1
The firm's demand for labor is:
Select correct option:
The marginal revenue product curve
The marginal input cost curve
The marginal cost curve
Undetermined
Question # 3 of 15 (Start time: 05:45:15 AM) Total Marks: 1
An exchange rate that varies according to the supply and demand for the currency in the foreign exchange market is called a(n) _____exchange rate.
Select correct option:
Overvalued.
Undervalued.
Fixed.
Flexible.
Question # 4 of 15 (Start time: 05:45:26 AM) Total Marks: 1
AD curve slopes downward for both Keynes and classicals.
Select correct option:
True
False
Question # 5 of 15 (Start time: 05:45:33 AM) Total Marks: 1
The figure that results when goods imports are subtracted from goods exports is:
Select correct option:
The capital account balance.
The balance of trade.
Always greater than zero.
Always less than zero.
Question # 6 of 15 (Start time: 05:45:40 AM) Total Marks: 1
Which school of thought holds that decreases in aggregate demand decrease real output but leave the price level largely unaffected?
Select correct option:
Monetarism
New Classical theory
Real Business Cycle theory
Keynesian
Question # 8 of 15 (Start time: 05:47:47 AM) Total Marks: 1

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Suppose the price of railway ticket decreases, what will happen in the market for airline travel?
Select correct option:
The demand curve for airline travel shifts left.
The demand curve for airline travel shifts right.
The supply curve of airline travel shifts left.
The supply curve of airline travel shifts right.
Question # 9 of 15 (Start time: 05:48:03 AM) Total Marks: 1
The average propensity to consume is the ratio of:

Select correct option:
A change in consumption to a change in disposable income.
A change in consumption to total disposable income at a specific income level.
Total consumption to total disposable income at a specific income level.
Total consumption to a change in disposable income.
Question # 10 of 15 (Start time: 05:48:18 AM) Total Marks: 1
Real GDP:
Select correct option:
Is nominal GDP adjusted for changes in the price level.

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Is also called nominal GDP.
Measures GDP minus depreciation of capital.
Will always change when prices change.
Question # 11 of 15 (Start time: 05:48:57 AM) Total Marks: 1
Which of the following is not a stock variable?
Select correct option:
Government debt
The labor force
The amount of money held by the public
Inventory investment
Question # 12 of 15 (Start time: 05:49:04 AM) Total Marks: 1
A market is said to be in equilibrium when:
Select correct option:
Supply equals Price.
There is downward pressure on price.
The amount consumers wish to buy at the current price equals the amount producers wish to sell at that price.
All buyers are able to find sellers willing to sell to them at the current price.
Question # 13 of 15 (Start time: 05:49:25 AM) Total Marks: 1
Which of the following is NOT an account in the balance of payments?
Select correct option:
Capital account.
Financial account.
Current account.
Future account.

Question # 14 of 15 (Start time: 05:49:57 AM) Total Marks: 1
Assume that the current market price is below the market clearing level. We would expect:
Select correct option:
A surplus to accumulate.
Downward pressure on the current market price.
Upward pressure on the current market price.
Lower production during the next time period.
Question # 15 of 15 (Start time: 05:50:07 AM) Total Marks: 1

The relationship between tax rates and total tax collections by government is known as:
Select correct option:
Laffer curve.
Demand curve.
Supply curve.
Investment curve.
Question # 1 of 15 (Start time: 06:04:21 AM) Total Marks: 1
A demand schedule is best described as:
Select correct option:
A numerical tabulation of the quantity demanded of a good at different prices, ceteris paribus.
A graphical representation of the law of demand.
A systematic listing of all the variables that might conceivably bring about a change in demand.
A symbolic representation of the law of demand: P, Q and P, Q.
Question # 2 of 15 (Start time: 06:04:29 AM) Total Marks: 1
At any given point on an indifference curve, the the slope is equal to:
Select correct option:
Unity.
The marginal rate of substitution.
The consumer's marginal utility.
None of the given options.
Question # 3 of 15 (Start time: 06:04:48 AM) Total Marks: 1
The demand curve facing a perfectly competitive firm is:
Select correct option:
The same as its average revenue curve but not the same as its marginal revenue curve.
The same as its average revenue curve and its marginal revenue curve.
The same as its marginal revenue curve but not its average revenue curve.
Not the same as either its marginal revenue curve or its average revenue curve.
Question # 4 of 15 (Start time: 06:04:55 AM) Total Marks: 1
Which of the following is true about the point on a nation's production-possibilities curve?
Select correct option:
It shows an undesirable combination of goods and services.
It shows the combinations of production that are unattainable, given current technology and resources.

It shows the level of production that will cause both unemployment and inflation.
It shows that resources are fully employed in producing a particular combination of goods and services.
Question # 5 of 15 (Start time: 06:06:17 AM) Total Marks: 1
When the marginal revenue product is greater than the marginal input cost of labor, the profit maximizing firm will:
Select correct option:
Hire more
Hire less

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Maintain the same employment
Decrease output
Question # 6 of 15 (Start time: 06:06:23 AM) Total Marks: 1
Growth rate of per capita income is equal to:
Select correct option:
Growth rate of total output - Growth rate of population.

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Growth rate of total output / Growth rate of population.
Growth rate of population / Growth rate of total output.
Growth rate of total output + Growth rate of population.
Question # 7 of 15 (Start time: 06:07:41 AM) Total Marks: 1
If the investment demand curve is vertical then:
Select correct option:
Both monetary and fiscal policy are ineffective.
Both monetary and fiscal policy are effective.
Monetary policy is effective but fiscal policy is ineffective.
Monetary policy is ineffective but fiscal policy is effective.
Question # 8 of 15 (Start time: 06:08:37 AM) Total Marks: 1
The numerical measurement of a consumer's preference is called:
Select correct option:
Satisfaction.
Use.
Pleasure.
Utility.
Question # 9 of 15 (Start time: 06:08:43 AM) Total Marks: 1
If utility remains the same for original and new combination of goods consumed, the effect of a change in the price of a good on the quantities consumed will be called as:
Select correct option:
Substitution effect.
Real income effect.
Income effect.
Budget effect.
Question # 10 of 15 (Start time: 06:08:58 AM) Total Marks: 1
This market situation is much like a pure monopoly except that its member firms tend to cheat on agreed upon price and output strategies. What is it?

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Select correct option:
Duopol
Cartel
Market sharing monopoly
Natural monopoly
Question # 11 of 15 (Start time: 06:09:05 AM) Total Marks: 1
Investment expenditures are expenditures made by the _____sector:
Select correct option:
Foreign.

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Business.
Household.
Government.
Question # 12 of 15 (Start time: 06:09:11 AM) Total Marks: 1
A normative economic statement:
Select correct option:
Is a statement of fact.
Is a hypothesis used to test economic theory.
Is a statement of what ought to be, not what is.
Is a statement of what will occur if certain assumptions are true.
Question # 13 of 15 (Start time: 06:09:18 AM) Total Marks: 1
The law of diminishing returns assumes:
Select correct option:
There are no fixed factors of production.
There are no variable factors of production.
Utility is maximised when marginal product falls.
Some factors of production are fixed.
Question # 14 of 15 (Start time: 06:09:26 AM) Total Marks: 1
A tax on the accounting profits of corporations is known as:
Select correct option:
Sales tax.
Excise tax.
Corporate income tax.
Personal income tax.
Question # 15 of 15 (Start time: 06:09:32 AM) Total Marks: 1
The concept of a risk premium applies to a person that is:
Select correct option:
Risk averse
Risk neutral
Risk loving
All of the given options
Question # 1 of 15 (Start time: 06:22:55 AM) Total Marks: 1
Which of the following is considered to be a variable cost in the long run?
Select correct option:
Expenditures for wages.
Expenditures for research and development.
Expenditures for raw materials.

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All of the given Costs.
Question # 2 of 15 (Start time: 06:23:03 AM) Total Marks: 1
The law of diminishing marginal utility states:
Select correct option:
The supply curve slopes upward.
Your utility grows at a slower and slower rate as you consume more and more units of a good.
The elasticity of demand is infinite.
None of the given options.

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Question # 3 of 15 (Start time: 06:23:11 AM) Total Marks: 1
Which school of thought holds that decreases in aggregate demand decrease real output but leave the price level largely unaffected?
Select correct option:
Monetarism
New Classical theory
Real Business Cycle theory
Keynesian
Question # 4 of 15 (Start time: 06:24:36 AM) Total Marks: 1
Consumption spending, investment expenditures, government expenditures, and net exports are:
Select correct option:
The components of aggregate supply
The components of government revenue
The components of aggregate demand

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The components of household income
Question # 5 of 15 (Start time: 06:24:43 AM) Total Marks: 1
Suppose price rises from Rs. 15 to Rs. 17 and quantity demanded decreases by 20%. We can conclude:
Select correct option:
Demand is inelastic.
The elasticity of demand is
2.Total revenue will decrease.
Demand is unit elastic.
Question # 6 of 15 (Start time: 06:24:52 AM) Total Marks: 1
“Each firm produces an identical product and there is freedom of entry and exit”. This is TRUE for which of the following market structures?
Select correct option:
For Monopoly.
For Oligopoly.
For Perfect competition.
For Monopolistic competition.
Question # 7 of 15 (Start time: 06:24:59 AM) Total Marks: 1
If marginal product is equal to average product:

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Select correct option:
The total product will fall
The average product will not change
Average variable costs will fall
Total revenue will fall
Question # 8 of 15 (Start time: 06:25:07 AM) Total Marks: 1
The kinked demand curve model is based on the assumption that each firm:
Select correct option:
Considers its rival's output to be fixed

Considers its rival's price to be fixed
Believes rivals will match all price changes
None of the given options
Question # 9 of 15 (Start time: 06:25:13 AM) Total Marks: 1
The law of increasing opportunity costs states that:
Select correct option:
The more one is willing to pay for resources, the larger will be the possible level of production.
Increasing the production of a particular good will cause the price of the good to rise.
In order to produce additional units of a particular good, it is necessary for society to sacrifice increasingly larger amounts of alternative goods.
Only by keeping production constant can rising prices be avoided.
Question # 10 of 15 (Start time: 06:25:23 AM) Total Marks: 1
The level of aggregate demand will decrease if the level of:
Select correct option:
Consumption spending increases
Imports decreases
Investment spending decreases
Government spending increases
Question # 11 of 15 (Start time: 06:25:43 AM) Total Marks: 1
In the kinked demand curve model, if one firm reduces its price:
Select correct option:
Other firms will also reduce their price
Other firms will compete on a non-price basis
Other firms will raise their price
Both (a) and (b) are correct
Question # 12 of 15 (Start time: 06:25:50 AM) Total Marks: 1
The total cost (TC) function is given as: TC = 200 + 5Q. What is the variable cost?
Select correct option:
200.
5Q.
5.
5 + (200/Q).
Question # 13 of 15 (Start time: 06:25:57 AM) Total Marks: 1
An exchange rate system in which central banks are always ready to buy and sell their currencies at predetermined prices is called:
Select correct option:

A dirty floating exchange rate system.
A flexible exchange rate system.
A managed exchange rate system .
A fixed exchange rate system.
Question # 14 of 15 (Start time: 06:27:15 AM) Total Marks: 1
A new technology which reduces costs for firms:
Select correct option:
Shifts the supply curve to the right.

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Shifts the supply curve to the left.
Reduces the equilibrium quantity.
Raises the equilibrium price.
Question # 15 of 15 (Start time: 06:27:34 AM) Total Marks: 1
Fiscal policy is the government program with respect to its:
Select correct option:
Steel Mill Privatization.
Unemployment reduction.
Expenditure and tax revenue.
Increase in unemployment.
Question # 1 of 15 (Start time: 06:47:00 AM) Total Marks: 1
Which of the following is the requirement of an industry to be perfectly competitive?
Select correct option:
There are no restrictions on entry into or exit from the market.
There are multiple restrictions on entry into or exit from the market.
There are many firms selling different products.
Sellers and buyers have imperfect information about prices.
Question # 2 of 15 (Start time: 06:47:09 AM) Total Marks: 1
The shape of production possibilities curve is:
Select correct option:
Concave.
Convex.
Linear.
Positive.
Question # 3 of 15 (Start time: 06:47:15 AM) Total Marks: 1
This market situation is much like a pure monopoly except that its member firms tend to cheat on agreed upon price and output strategies. What is it?
Select correct option:
Duopol
Cartel
Market sharing monopoly
Natural monopoly
Question # 4 of 15 (Start time: 06:47:22 AM) Total Marks: 1
The law of diminishing returns assumes:
Select correct option:

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There are no fixed factors of production.
There are no variable factors of production.
Utility is maximised when marginal product falls.
Some factors of production are fixed.
Question # 5 of 15 (Start time: 06:47:31 AM) Total Marks: 1
"Capital widening" means:
Select correct option:
More capital and more labour, but with the same amount of capital per unit of labour.

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More capital per unit of labour. Increasing
the usage of existing capital. Importing
capital from the developed world.
Question # 6 of 15 (Start time: 06:47:39 AM) Total Marks: 1
In which case, total expenditure in an economy is not equal to total income?
Select correct option:
If total saving is larger than total investment.
If net exports are not zero.
If inventory investment is negative.
None of the given options--they are always equal.
Question # 7 of 15 (Start time: 06:48:47 AM) Total Marks: 1
If a decrease in price increases total revenue:
Select correct option:
Demand is elastic.
Demand is inelastic.
Supply is elastic.
Supply is inelastic.
Question # 8 of 15 (Start time: 06:48:56 AM) Total Marks: 1
Which of the following is true about the entrepreneur?
Select correct option:
An entrepreneur is an innovator.
An entrepreneur is someone who brings resources together and produces a product.
An entrepreneur is a risk taker.
All of the given options are correct.
Question # 9 of 15 (Start time: 06:49:04 AM) Total Marks: 1
Current account deficit is equal to:
Select correct option:
Private sector resource deficit.
Government budget deficit.
Private sector resource deficit + Government budget deficit.
None of the given options.
Question # 10 of 15 (Start time: 06:50:00 AM) Total Marks: 1
According to Classical models, the level of employment is determined primarily by:
Select correct option:
The level of aggregate demand for goods and services.

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Prices and wages.
Government taxation.
Government spending.
Question # 11 of 15 (Start time: 06:50:29 AM) Total Marks: 1
According to classical economists, the:
Select correct option:
Aggregate demand curve is downward sloping and the aggregate supply curve is vertical
Aggregate demand curve is downward sloping and the aggregate supply curve is upward

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sloping
Aggregate demand curve is vertical and the aggregate supply curve is upward sloping
Aggregate demand curve is vertical and the aggregate supply curve is horizontal
Question # 12 of 15 (Start time: 06:50:36 AM) Total Marks: 1
Cartels are:
Select correct option:
Organizations of independent firms, producing similar products, that work together to raise prices and restrict output
Organizations of interdependent firms
Oligopolies
All of the above
Question # 13 of 15 (Start time: 06:50:44 AM) Total Marks: 1
Price elasticities are measured in percentage terms because:
Select correct option:
It makes students' lives more complicated.
The resulting measure is unit free.

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It gives a more accurate answer.
The answer is always negative that way.
Question # 14 of 15 (Start time: 06:50:55 AM) Total Marks: 1
Which of the following is a characteristic of a mixed economy?
Select correct option:
In mixed economy, resources are governed by both government and individuals.
Mixed economy utilizes the characteristics of both market economy and planned economy to allocate goods and services.
People are free to make their decisions and government controls the Defence.
All of the given options are true.
Question # 15 of 15 (Start time: 06:51:03 AM) Total Marks: 1
Growth rate of per capita income is equal to:
Select correct option:
Growth rate of total output - Growth rate of population.
Growth rate of total output / Growth rate of population.
Growth rate of population / Growth rate of total output.
Growth rate of total output + Growth rate of population.
Question # 1 of 15 (Start time: 06:54:59 AM) Total Marks: 1

Moving from left to right, the typical production possibilities curve:
Select correct option:
Is horizontal.
Has a constant positive slope.
Illustrates increasing opportunity costs.
Illustrates decreasing opportunity costs.
Question # 2 of 15 (Start time: 06:55:05 AM) Total Marks: 1
Which of the following is true about the total cost curve?
Select correct option:

It relates output with total cost.
It is usually upward sloping.
Gets steeper as output rises, due to diminishing marginal product of an input.
All of the given options are true.
Question # 3 of 15 (Start time: 06:55:11 AM) Total Marks: 1
Which of the following would cause the short run aggregate supply curve to shift to the left, but have no effect over the long run aggregate supply?
Select correct option:
The amount of factors of production (such as labor and capital) increase
The amount of factors of production (such as labor and capital) decrease
Prices of inputs (such as wages or oil prices) increase Prices
of inputs (such as wages or oil prices) decrease Question # 4
of 15 (Start time: 06:55:18 AM) Total Marks: 1
Real GDP is equal to:
Select correct option:
Nominal GDP – Inflation.
Nominal GDP + Inflation.
Nominal GDP / Inflation.
Inflation / Nominal GDP.
Question # 5 of 15 (Start time: 06:55:25 AM) Total Marks: 1
In the classical model, given an initial aggregate equilibrium at full employment, the long run effect of an increase in government spending is;
Select correct option:
An increase in the price level
An upward shift of the aggregate demand curve
A constant level of output
All of the above

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Question # 6 of 15 (Start time: 06:55:35 AM) Total Marks: 1
The trend of unemployment over the last forty years is:
Select correct option:
A decrease in unemployment.
It has remained largely unchanged.
An increase in unemployment.
It is too difficult to tell so don't bother.

Question # 7 of 15 (Start time: 06:55:42 AM) Total Marks: 1
When government sets the price of a good and that price is above the equilibrium price, the result will be:
Select correct option:
A surplus of the good.
A shortage of the good.
An increase in the demand for the good.
A decrease in the supply of the good.
Question # 8 of 15 (Start time: 06:56:00 AM) Total Marks: 1

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Under New Classical macroeconomics monetary policy:
Select correct option:
Affects the level of equilibrium output
Affects the composition of equilibrium output
Affects both the level and composition of equilibrium output
None of the given options
Question # 9 of 15 (Start time: 06:57:02 AM) Total Marks: 1
Economists who are concerned about the behavior of individual households, firms and industries are studying:
Select correct option:
Microeconomics
Macroeconomics
Positive economics
Normative economics
Question # 10 of 15 (Start time: 06:57:15 AM) Total Marks: 1
The effect of a change in income on the quantity of the good consumed is called the:
Select correct option:
Income effect.
Budget effect.
Substitution effect.
Real income effect.
Question # 11 of 15 (Start time: 06:57:41 AM) Total Marks: 1
A government wishing to reduce a deficit on the current account of their balance of payments through the use of fiscal policy would be most likely to:
Select correct option:
Raise direct taxation.
Introduce an import quota.
Reduce the rate of value added tax on all goods and services.
Raise interest rates.
Question # 12 of 15 (Start time: 06:58:04 AM) Total Marks: 1
Goods X and Y are complements while goods X and Z are substitutes. If the supply of good X increases:
Select correct option:
The demand for both Y and Z will increase
The demand for Y will increase while the demand for Z will decrease
The demand for Y will decrease while the demand for Z will increase
The demand for both Y and Z will decrease

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Question # 13 of 15 (Start time: 06:58:11 AM) Total Marks: 1
Diminishing marginal returns implies:
Select correct option:
Decreasing marginal costs.
Increasing marginal costs.

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Decreasing average variable costs.

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Decreasing average fixed costs.
Question # 14 of 15 (Start time: 06:58:27 AM) Total Marks: 1
According to the law of diminishing marginal utility, as the consumption of particular good increases:
Select correct option: Total
utility increases. Marginal
utility increases. Total
utility decreases. **Marginal**
utility decreases.
Question # 15 of 15 (Start time: 06:58:55 AM) Total Marks: 1
The most important factor in determining the long-run profit potential in monopolistic competition is:
Select correct option:
Free entry and exit.
The elasticity of the market demand curve.
The elasticity of the firm's demand curve.
The reaction of rival firms to a change in price.
Question # 1 of 15 (Start time: 07:04:11 AM) Total Marks: 1
According to Keynesian economics, aggregate expenditures are the sum of desired or planned spending undertaken by:
Select correct option:
The household sector after taxes.
The business and government sectors.
All four sectors only when the economy is at full employment.
All four sectors at a specific aggregate production level.
Question # 2 of 15 (Start time: 07:04:17 AM) Total Marks: 1
The principle economic difference between a competitive and a non-competitive market is:
Select correct option:
The number of firms in the market.
The extent to which any firm can influence the price of the product.
The size of the firms in the market.
The annual sales made by the largest firms in the market.
Question # 3 of 15 (Start time: 07:05:10 AM) Total Marks: 1
The traditional Phillips Curve shows the:
Select correct option:
Inverse relationship between the rate of inflation and the unemployment rate.

Inverse relationship between the nominal and the real wage.
Direct relationship between unemployment and demand-pull inflation.
Tradeoff between the short run and the long run.
Question # 4 of 15 (Start time: 07:05:17 AM) Total Marks: 1
In Keynesian economics, an inflationary gap results if:
Select correct option:
Aggregate expenditures are less than aggregate production.
Aggregate expenditures are greater than aggregate production.
Aggregate expenditures are equal to aggregate production.

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There are no changes in inventories.
Question # 5 of 15 (Start time: 07:05:35 AM) Total Marks: 1
In which market structure(s) will price exceed marginal revenue?
Select correct option:
Differentiated oligopoly and monopoly only
Standardized oligopoly and pure competition only
Monopolistic competition and monopoly only
Monopolistic competition, oligopoly, and monopoly

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Question # 6 of 15 (Start time: 07:05:43 AM) Total Marks: 1
If the income elasticity of demand for boots is 0.2, a 10% increase in consumer income will lead to a:
Select correct option:
20% increase in the quantity of boots demanded.
20% decrease in the quantity of boots demanded.
2% increase in the quantity of boots demanded.
0.2% increase in the quantity of boots demanded.
Question # 7 of 15 (Start time: 07:05:49 AM) Total Marks: 1
Our economy is characterized by:
Select correct option:
Unlimited wants and needs.
Unlimited material resources.
No energy resources.
Abundant productive labor.
Question # 8 of 15 (Start time: 07:05:57 AM) Total Marks: 1
The kinked demand curve model is based on the assumption that each firm:
Select correct option:
Considers its rival's output to be fixed
Considers its rival's price to be fixed
Believes rivals will match all price changes
None of the given options
Question # 9 of 15 (Start time: 07:06:04 AM) Total Marks: 1
When an industry's raw material costs decrease, other things remaining the same:
Select correct option:
The supply curve shifts to the right.

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The supply curve shifts to the left.
Output increases regardless of the market price and the supply curve shifts upward.
Output decreases and the market price also decrease.
Question # 10 of 15 (Start time: 07:06:42 AM) Total Marks: 1
More output could be produced with available resources if:
Select correct option:
Resources are allocated efficiently.
Resources are imperfectly shiftable among alternative uses.
Prices are reduced.

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The economy is operating at a point inside the production possibilities curve.
Question # 11 of 15 (Start time: 07:06:49 AM) Total Marks: 1
Which of the following international accounts records the purchase and sale of financial assets and real estate between Pakistan and other nations?
Select correct option:
The savings account.
The current account.
The capital account.
The financial account.
Question # 12 of 15 (Start time: 07:07:14 AM) Total Marks: 1
Which of the following statements describes increasing returns to scale:
Select correct option:
Doubling the inputs used leads to double the output.
Increasing the inputs by 50% leads to a 25% increase in output.
Increasing inputs by 1/4 leads to an increase in output of 1/3.
None of the given options.
Question # 13 of 15 (Start time: 07:07:21 AM) Total Marks: 1
Disposable income is:
Select correct option:
Total income plus transfer payments.
Total income minus saving.
Total income plus net taxes.
Total income minus net taxes.
Question # 14 of 15 (Start time: 07:07:44 AM) Total Marks: 1
The effect of a change in income on the quantity of the good consumed is called the:
Select correct option:
Income effect.

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Budget effect.
Substitution effect.
Real income effect.
Question # 15 of 15 (Start time: 07:07:52 AM) Total Marks: 1
The relationship between consumer spending and income is known as the:
Select correct option:
45-degree line.

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Consumption function.
Investment function.
Consumer price index.
Question # 1 of 15 (Start time: 07:11:01 AM) Total Marks: 1
The extra value that consumers receive above what they pay for that good is called:
Select correct option:
Producer surplus.
Utility.
Marginal utility.

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Consumer surplus.
Question # 2 of 15 (Start time: 07:11:09 AM) Total Marks: 1
In the complete classical model, a rightward shift of the labor supply curve will:
Select correct option:
Decrease the price level and increase the nominal wage
Decrease the nominal wage and increase the price leve
Decrease both the price level and the nominal wage
Increase both the price level and the nominal wage
Question # 3 of 15 (Start time: 07:11:34 AM) Total Marks: 1
Potential GDP is an estimate of the economy's ability to produce goods and services if:
Select correct option:
Labor force is fully employed.
Price level is stable. Trade
balance is zero. Federal
budget is balanced.
Question # 4 of 15 (Start time: 07:11:46 AM) Total Marks: 1
GDP is:
Select correct option:
A stock
A flow.
Both a stock and a flow.
Neither a stock nor a flow.
Question # 5 of 15 (Start time: 07:11:52 AM) Total Marks: 1
The burden of a tax is shifted toward buyers if:
Select correct option:
Demand is perfectly elastic.
Demand is relatively more elastic than supply.
Demand is relatively more inelastic than supply.
Demand and supply have equal elasticities.
Question # 6 of 15 (Start time: 07:11:59 AM) Total Marks: 1
When the price elasticity of demand for a good is greater than 1, we say that the demand is:
Select correct option:
Increasing.
Decreasing.
Elastic.
Inelastic.

Question # 7 of 15 (Start time: 07:12:05 AM) Total Marks: 1
For a monopolist, changes in demand will lead to changes in:
Select correct option:
Price with no change in output
Output with no change in price
Both price and quantity
Any of the above is possible
Question # 8 of 15 (Start time: 07:12:12 AM) Total Marks: 1
In which market structure(s) will price exceed marginal revenue?

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Select correct option:
Differentiated oligopoly and monopoly only
Standardized oligopoly and pure competition only
Monopolistic competition and monopoly only
Monopolistic competition, oligopoly, and monopoly

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Question # 9 of 15 (Start time: 07:12:18 AM) Total Marks: 1
It is expected that the sign of cross price elasticity of demand between two complementary goods would be:
Select correct option:
Positive.
Negative.
Zero.
Ambiguous.
Question # 10 of 15 (Start time: 07:12:26 AM) Total Marks: 1
Which of the following can be thought of as a barrier to entry?
Select correct option:
Scale economies.
Patents.
Strategic actions by incumbent firms.
All of the given options are true.
Question # 11 of 15 (Start time: 07:12:32 AM) Total Marks: 1
Diminishing marginal returns implies:
Select correct option:
Decreasing marginal costs.
Increasing marginal costs.
Decreasing average variable costs.
Decreasing average fixed costs.
Question # 12 of 15 (Start time: 07:12:39 AM) Total Marks: 1
If firms in a competitive industry are experiencing losses in the short run, then:
Select correct option:
The firms will try to raise prices.
Some firms will choose to shut down.
The industry will cease to exist.
New firms will enter the industry.

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Question # 13 of 15 (Start time: 07:12:46 AM) Total Marks: 1
A "Giffen good" is defined as one for which:
Select correct option:
Marginal utility is zero.
The demand curve is perfectly elastic.
The substitution effect is positive.
The demand curve is positively sloped.
Question # 14 of 15 (Start time: 07:12:53 AM) Total Marks: 1
The long run aggregate supply will shift to the right whenever:

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Select correct option:
The price level increases
Factors of production (such as labor and capital) increase
Expenditures (such as consumption and net exports) increase
The prices of inputs used to produce goods and services (such as wages and the price of oil) decrease
Question # 15 of 15 (Start time: 07:14:13 AM) Total Marks: 1
If the income elasticity of demand for boots is 0.2, a 10% increase in consumer income will lead to a:
Select correct option:
20% increase in the quantity of boots demanded.
20% decrease in the quantity of boots demanded.
2% increase in the quantity of boots demanded.
0.2% increase in the quantity of boots demanded.
Question # 1 of 15 (Start time: 07:19:39 AM) Total Marks: 1
The traditional Phillips Curve shows the:
Select correct option:
Inverse relationship between the rate of inflation and the unemployment rate.
Inverse relationship between the nominal and the real wage.
Direct relationship between unemployment and demand-pull inflation.
Tradeoff between the short run and the long run.
Question # 2 of 15 (Start time: 07:19:48 AM) Total Marks: 1
---------- is the rate at which a firm can substitute capital for labour and hold output constant.
Select correct option: Diminishing marginal returns. Marginal rate of substitution. **Marginal rate of factor substitution.**

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Marginal rate of production.
Question # 3 of 15 (Start time: 07:20:56 AM) Total Marks: 1
An exchange rate system in which central banks are always ready to buy and sell their currencies at predetermined prices is called:
Select correct option:
A dirty floating exchange rate system.

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A flexible exchange rate system.
A managed exchange rate system .
A fixed exchange rate system.
Question # 4 of 15 (Start time: 07:21:08 AM) Total Marks: 1
The labour force is made up of:
Select correct option:
The number of people employed minus the number of people unemployed.
The number of people employed plus the number of people unemployed.
Just the number of people employed.

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The whole population.
Question # 5 of 15 (Start time: 07:21:46 AM) Total Marks: 1
When drawing demand and supply curves, economists are assuming that the primary influence on production and purchasing decisions is:
Select correct option:
Price.
Cost of production.
The overall state of the economy.
Consumer incomes.
Question # 6 of 15 (Start time: 07:22:37 AM) Total Marks: 1
Goods produced by oligopolistic industries are typically:
Select correct option:
Standardized
Differentiated
Differentiated if industrial goods
Differentiated if consumer goods
Question # 7 of 15 (Start time: 07:22:43 AM) Total Marks: 1
Microeconomics is the branch of economics that deals with which of the following topics?
Select correct option:
The behavior of individual consumers
Unemployment and interest rates
The behavior of individual firms and investors
The behavior of individual consumers and behavior of individual firms and investors.
Question # 8 of 15 (Start time: 07:22:53 AM) Total Marks: 1
The percentage change in quantity demanded of a given good, with respect to the percentage change in the price of "another" good is called:
Select correct option:
Price elasticity of demand.
Income elasticity of demand.
Cross price elasticity of demand.
Supply price elasticity.
Question # 9 of 15 (Start time: 07:22:59 AM) Total Marks: 1
Suppose the price of railway ticket decreases, what will happen in the market for airline travel?
Select correct option:

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The demand curve for airline travel shifts left.
The demand curve for airline travel shifts right.
The supply curve of airline travel shifts left.
The supply curve of airline travel shifts right.
Question # 10 of 15 (Start time: 07:23:14 AM) Total Marks: 1
Which school of thought holds that decreases in aggregate demand decrease real output but leave the price level largely unaffected?
Select correct option:
Monetarism

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New Classical theory
Real Business Cycle theory
Keynesian
Question # 11 of 15 (Start time: 07:23:23 AM) Total Marks: 1
To make the equation of exchange into the quantity theory of money:
Select correct option:
V and Q are assumed to be constant.

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The money supply is assumed to be produced by the banking system and not exclusively in currency.
The quantity of money is assumed to determine the amount of Real GDP.
M and P are considered constant.
Question # 12 of 15 (Start time: 07:23:29 AM) Total Marks: 1
If marginal product is below average product:
Select correct option:
The total product will fall
The average product will fall
Average variable costs will fall
Total revenue will fall
Question # 13 of 15 (Start time: 07:23:54 AM) Total Marks: 1
The kinked demand curve model is based on the assumption that each firm:
Select correct option:
Considers its rival's output to be fixed
Considers its rival's price to be fixed
Believes rivals will match all price changes
None of the given options
Question # 14 of 15 (Start time: 07:24:01 AM) Total Marks: 1
The slope of the saving function (or line) is the:
Select correct option:
Average propensity to save.
Average propensity to consume.
Marginal propensity to save.
Marginal propensity to consume.
Question # 15 of 15 (Start time: 07:24:09 AM) Total Marks: 1
Endogenous growth theory differs in what essential aspect from the Solow theory of

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economic growth?
Select correct option:
Endogenous growth theory is a monetary theory whereas the Solow theory is a real theory.
Endogenous growth theory assumes diminishing returns to capital and the Solow theory assumes constant returns.
In endogenous growth theory, economies with the same technology and saving rate need not converge to the same steady state as in the Solow model.
All of the given options are correct.

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Question # 1 of 15 (Start time: 07:27:24 AM) Total Marks: 1
Investment expenditures are expenditures made by the _____sector:
Select correct option:
Foreign.
Business.
Household.
Government.
Question # 2 of 15 (Start time: 07:27:30 AM) Total Marks: 1
Potential GDP is an estimate of the economy's ability to produce goods and services if:
Select correct option:
Labor force is fully employed.
Price level is stable. Trade
balance is zero. Federal
budget is balanced.

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Question # 3 of 15 (Start time: 07:27:50 AM) Total Marks: 1
Indifference curves that are convex to the origin reflect:
Select correct option:
An increasing marginal rate of substitution.
A decreasing marginal rate of substitution.
A constant marginal rate of substitution.
A marginal rate of substitution that first decreases then increases.
Question # 4 of 15 (Start time: 07:28:08 AM) Total Marks: 1
Economists who are concerned about the behavior of individual households, firms and industries are studying:
Select correct option:
Microeconomics
Macroeconomics
Positive economics
Normative economics
Question # 5 of 15 (Start time: 07:28:17 AM) Total Marks: 1
The cross elasticity of demand of complements goods is:
Select correct option:
Less than 0.
Equal to 0.

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Greater than 0.
Between 0 and 1.
Question # 6 of 15 (Start time: 07:28:33 AM) Total Marks: 1
A rational person does not act unless:
Select correct option:
The action is ethical.
The action produces marginal costs that exceeds marginal benefits.
The action produces marginal benefits that exceeds marginal costs.
The action makes money for the person.

Question # 7 of 15 (Start time: 07:28:41 AM) Total Marks: 1
When the demand curve is downward sloping, marginal revenue is:
Select correct option:
Equal to price.
Equal to average cost.
Less than price.
More than price.
Question # 8 of 15 (Start time: 07:28:56 AM) Total Marks: 1
The law of diminishing marginal utility indicates that the demand curve is:
Select correct option:
Vertical. U
shaped. Upward
sloping.
Downward sloping.
Question # 9 of 15 (Start time: 07:29:03 AM) Total Marks: 1
Which of the following might be considered to be a characteristic of a planned economy?
Select correct option:
All income is completely evenly distributed.
Price is relatively unimportant as a means of allocating resources.
Goods and services produced reflect consumer sovereignty.
There is no incentive for people to work hard.
Question # 10 of 15 (Start time: 07:29:19 AM) Total Marks: 1
Which of the following is not an assumption of ordinal utility analysis?
Select correct option:
Consumers are consistent in their preference.
Consumers can measure the total utility received from any given basket of good.
Consumers are non-satiated with respect to the goods they confront.
All are necessary.
Question # 11 of 15 (Start time: 07:29:28 AM) Total Marks: 1
Diminishing marginal returns implies:
Select correct option:
Decreasing marginal costs.
Increasing marginal costs.
Decreasing average variable costs.
Decreasing average fixed costs.
Question # 12 of 15 (Start time: 07:29:34 AM) Total Marks: 1
If a country has flexible exchange rates and has more rapid inflation than other countries,

its currency will:
Select correct option:
Appreciate.
Depreciate.
Not change.
All of the given conditions may be possible.

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Question # 13 of 15 (Start time: 07:29:59 AM) Total Marks: 1
When oligopolists collude, they are able to:
Select correct option:
Raise price, but not restrict output
Raise price and restrict output, but not attain the monopoly profit
Raise price and restrict output, and therefore attain the monopoly profit
Restrict output, but not raise price
Question # 14 of 15 (Start time: 07:30:05 AM) Total Marks: 1
The oligopoly model that predicts that oligopoly prices will tend to be very rigid is the _____model.
Select correct option:
Cournot
Stackelberg
Dminant firm
Kinked demand
Question # 15 of 15 (Start time: 07:30:11 AM) Total Marks: 1
Graphically, marginal revenue is defined as:
Select correct option:
The slope of a line from the origin to a point on the total revenue curve.
The slope of a line from the origin to the end of the total revenue curve.
The slope of the total revenue curve at a given point.
The vertical intercept of a line tangent to the total revenue curve at a given point.

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If u like me than raise your hand with me
If not than raise ur standard

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