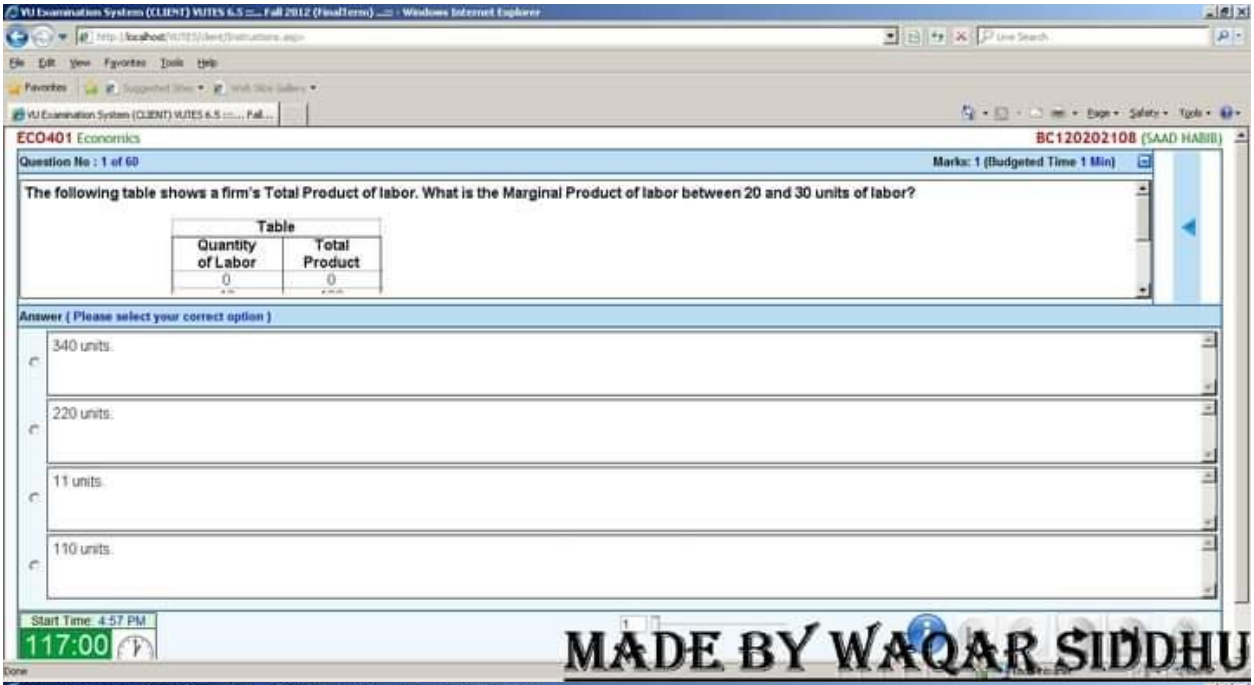
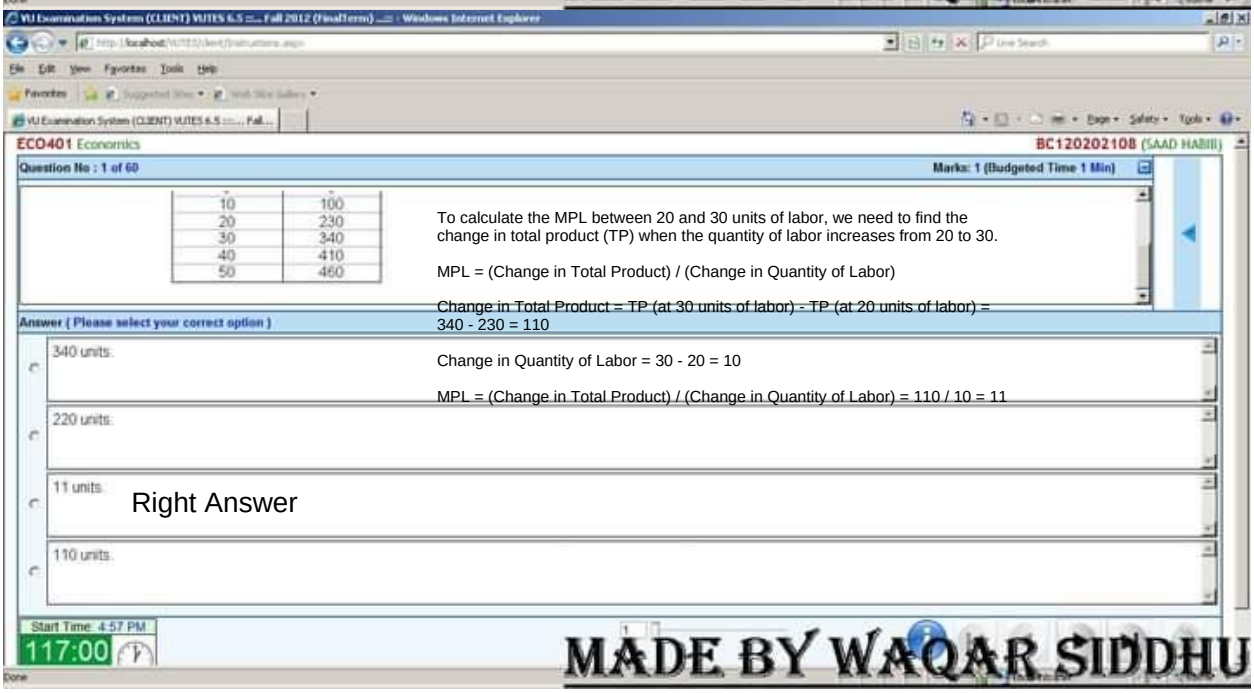
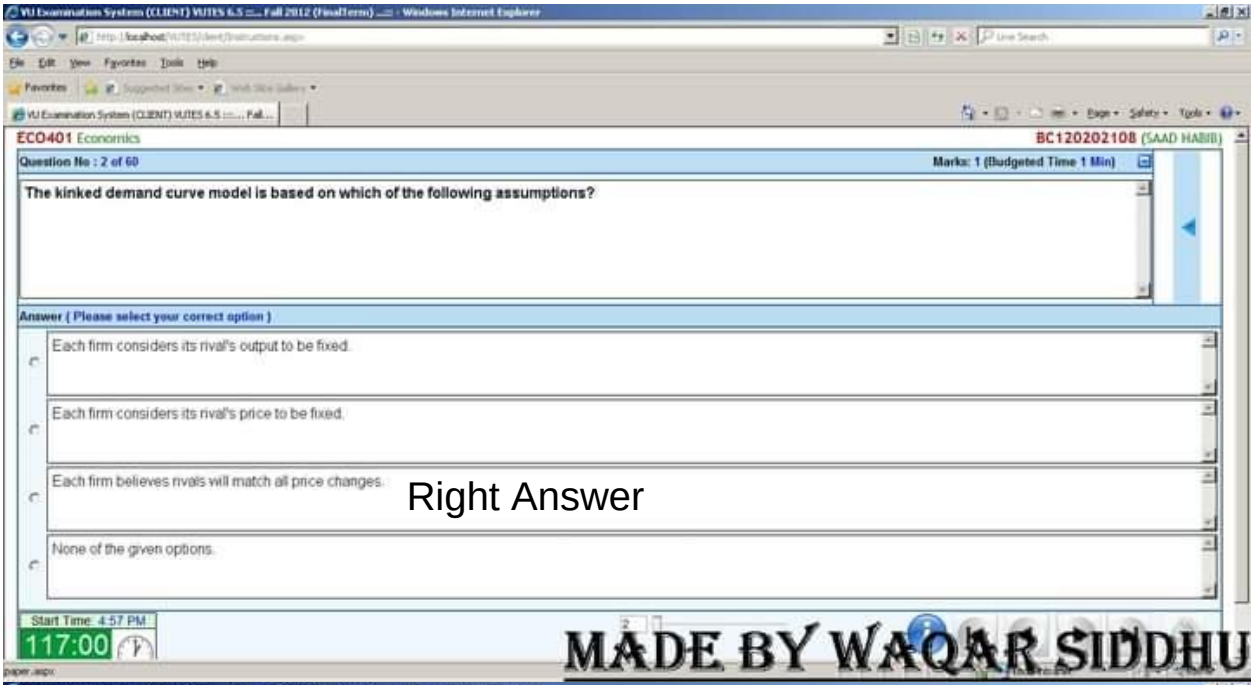
ECO401 Final Term

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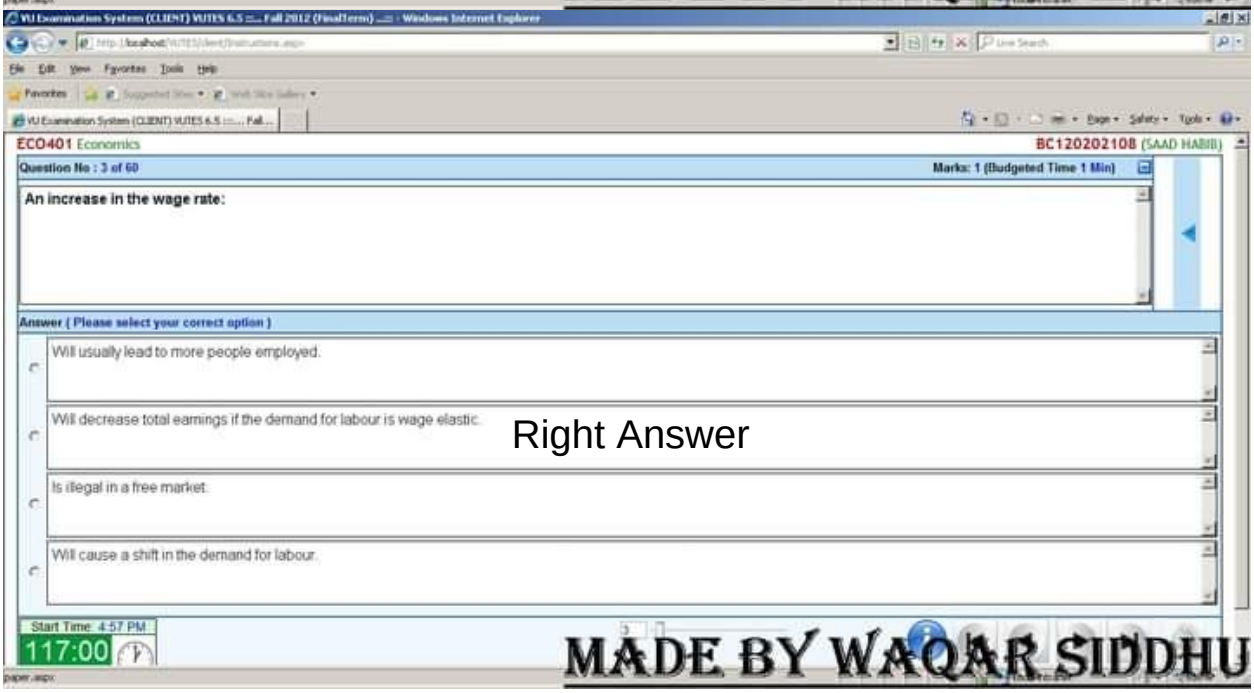

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 1 of 60
Marks: 1 (Budgeted Time 1 Min)
The following table shows a firm's Total Product of labor. What is the Marginal Product of labor between 20 and 30 units of labor?
Table
Quantity of Labor
Total Product
0
0
Answer (Please select your correct option)
340 units.
220 units.
11 units.
110 units.
Start Time: 4:57 PM
117:00
MADE BY WAQAR SIDDHU


ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 1 of 60
Marks: 1 (Budgeted Time 1 Min)
10 100
20 230
30 340
40 410
50 460
To calculate the MPL between 20 and 30 units of labor, we need to find the change in total product (TP) when the quantity of labor increases from 20 to 30.
MPL = (Change in Total Product) / (Change in Quantity of Labor)
Change in Total Product = TP (at 30 units of labor) - TP (at 20 units of labor) = 340 - 230 = 110
Change in Quantity of Labor = 30 - 20 = 10
MPL = (Change in Total Product) / (Change in Quantity of Labor) = 110 / 10 = 11
Answer (Please select your correct option)
340 units.
220 units.
11 units.
Right Answer
110 units.
Start Time: 4:57 PM
117:00
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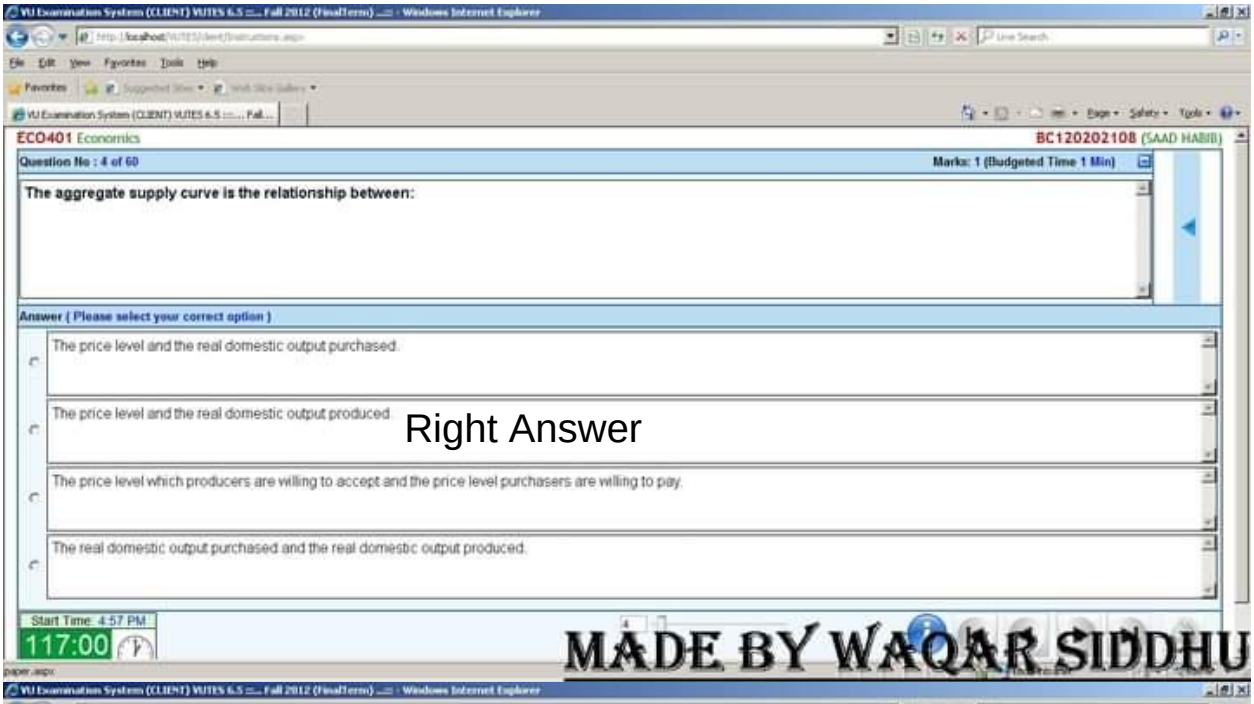
Right Answer

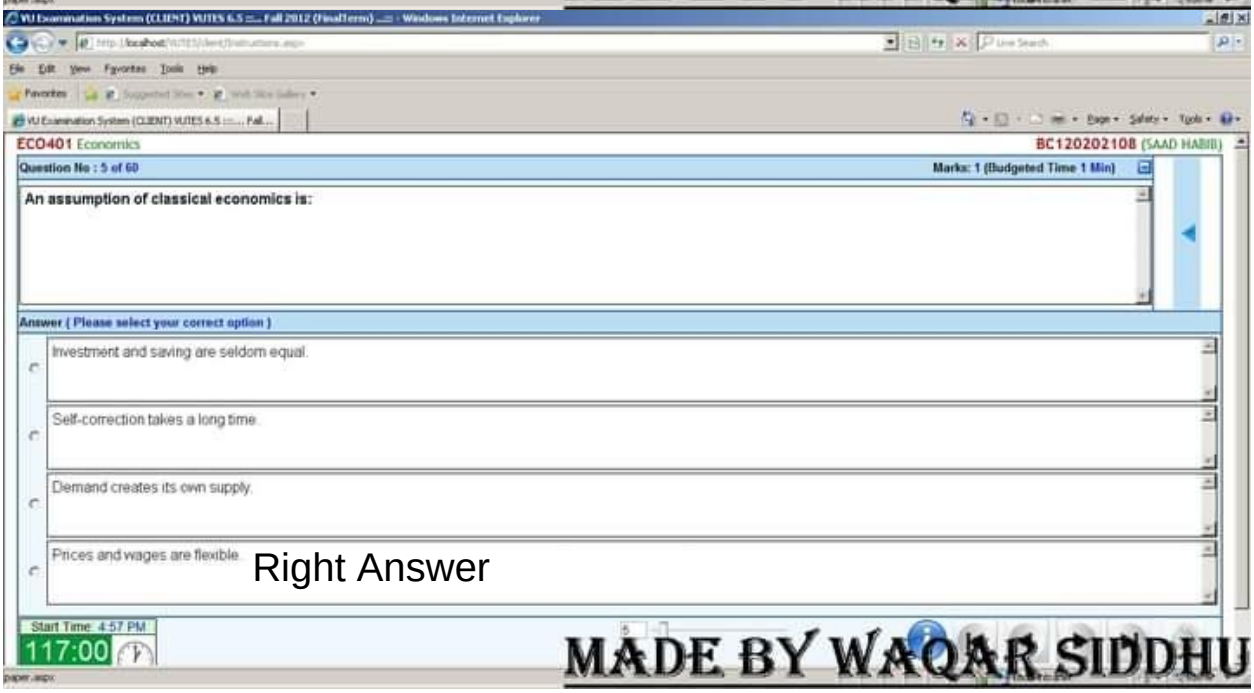
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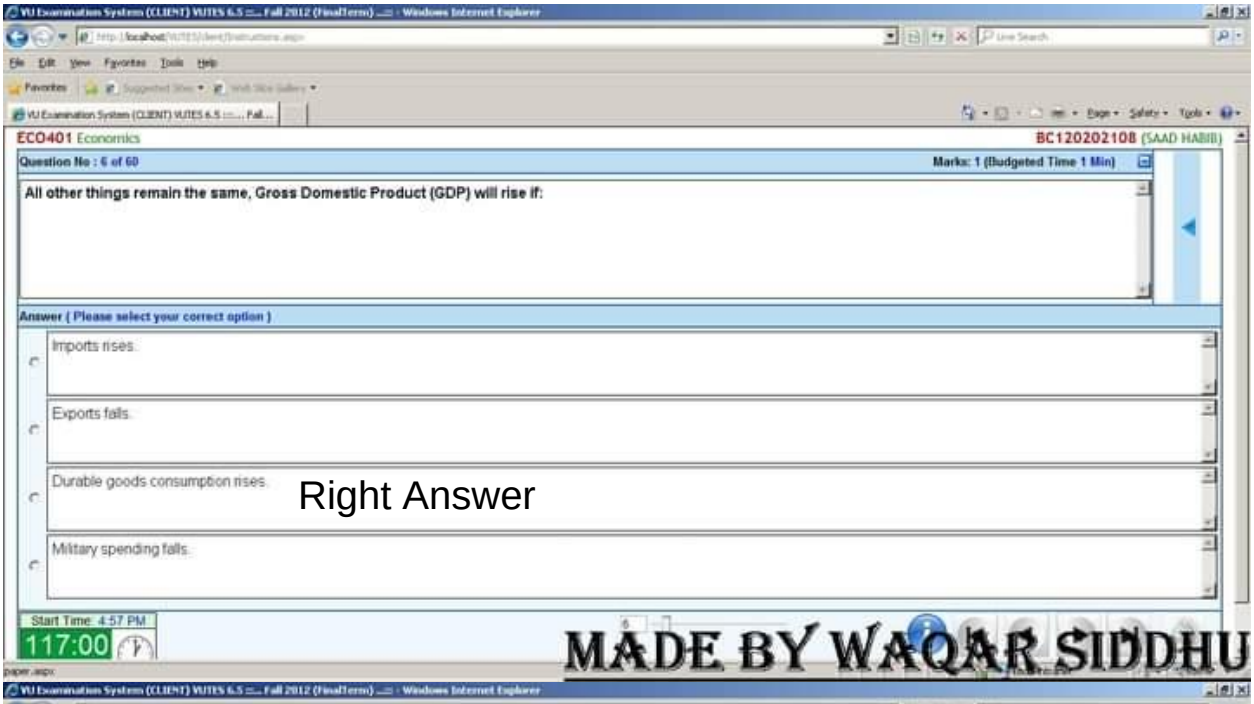


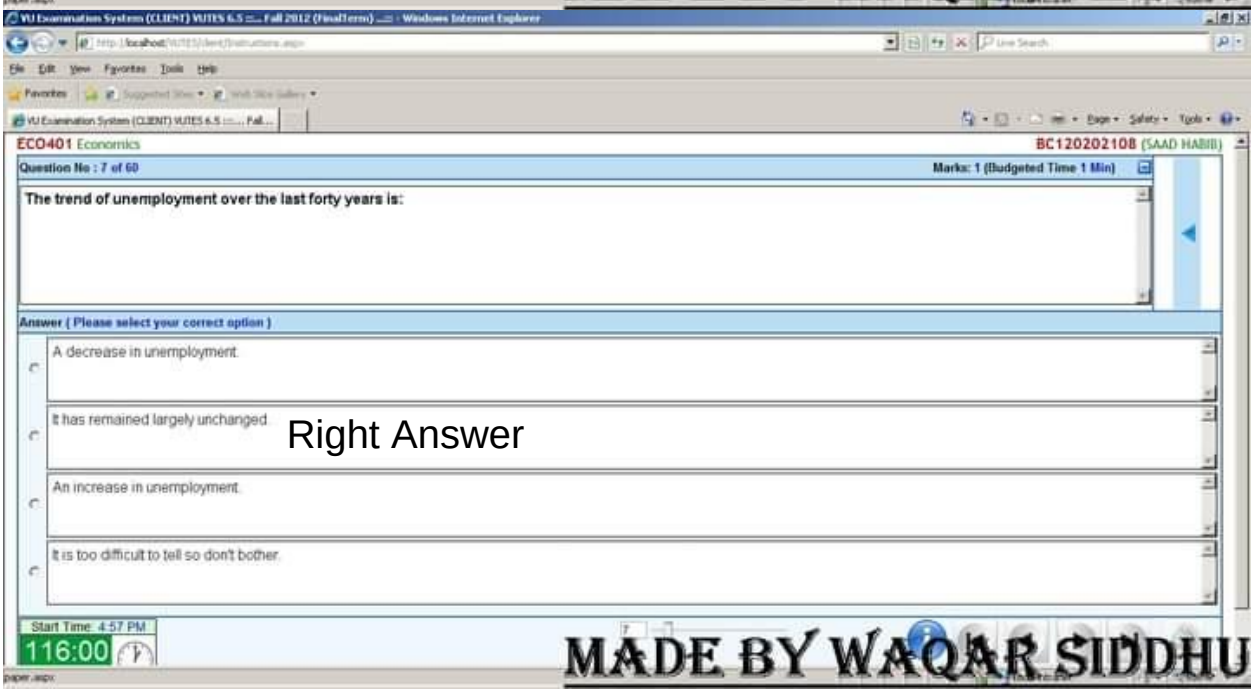
Right Answer

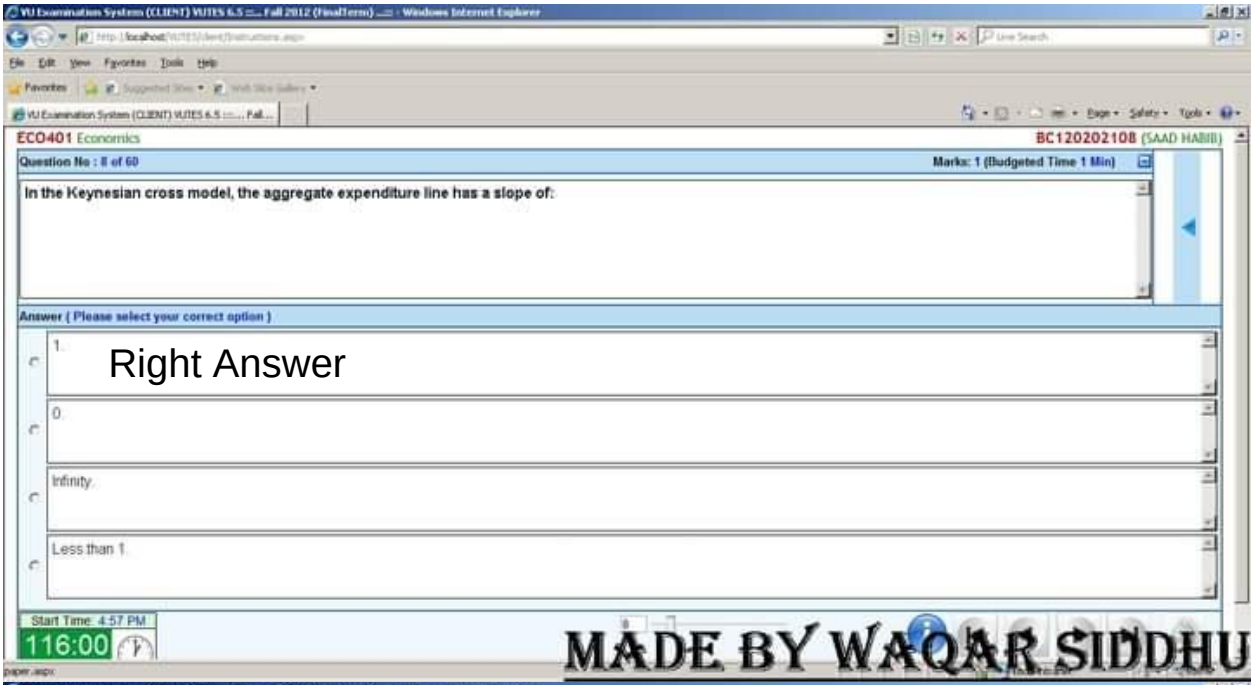
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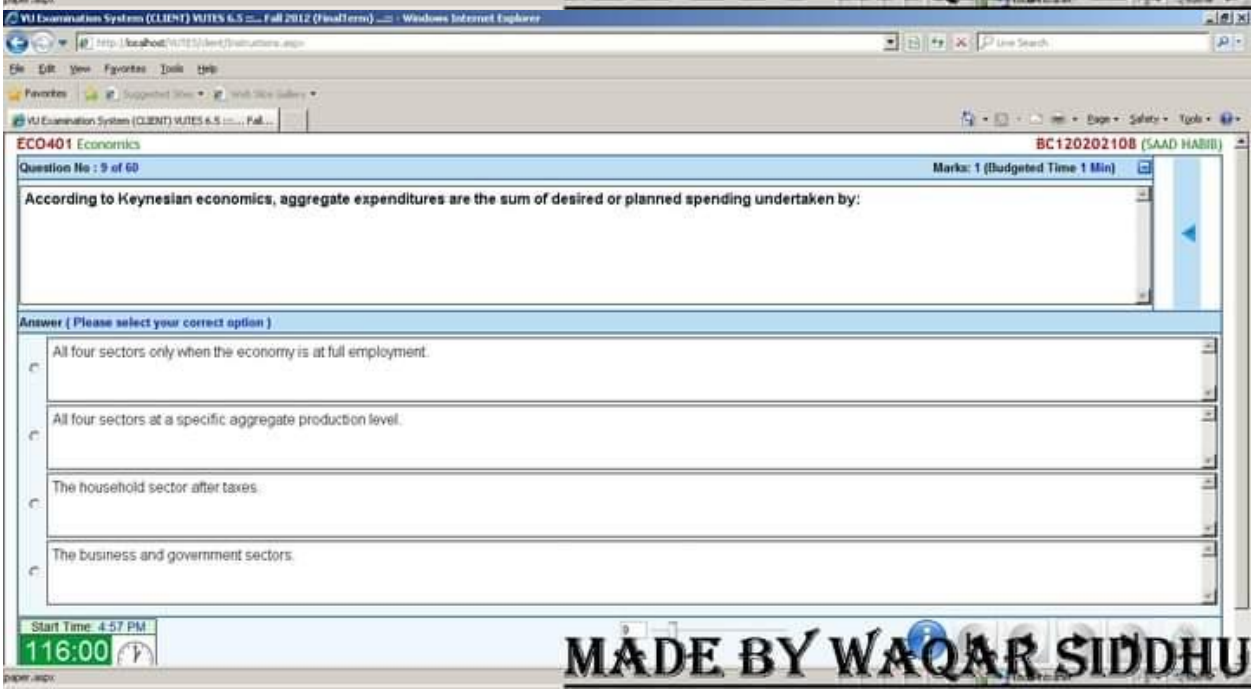

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 4 of 60
Marks: 1 (Budgeted Time 1 Min)
The aggregate supply curve is the relationship between:
Answer (Please select your correct option)
The price level and the real domestic output purchased.
The price level and the real domestic output produced.
Right Answer
The price level which producers are willing to accept and the price level purchasers are willing to pay.
The real domestic output purchased and the real domestic output produced.
Start Time: 4:57 PM
117:00
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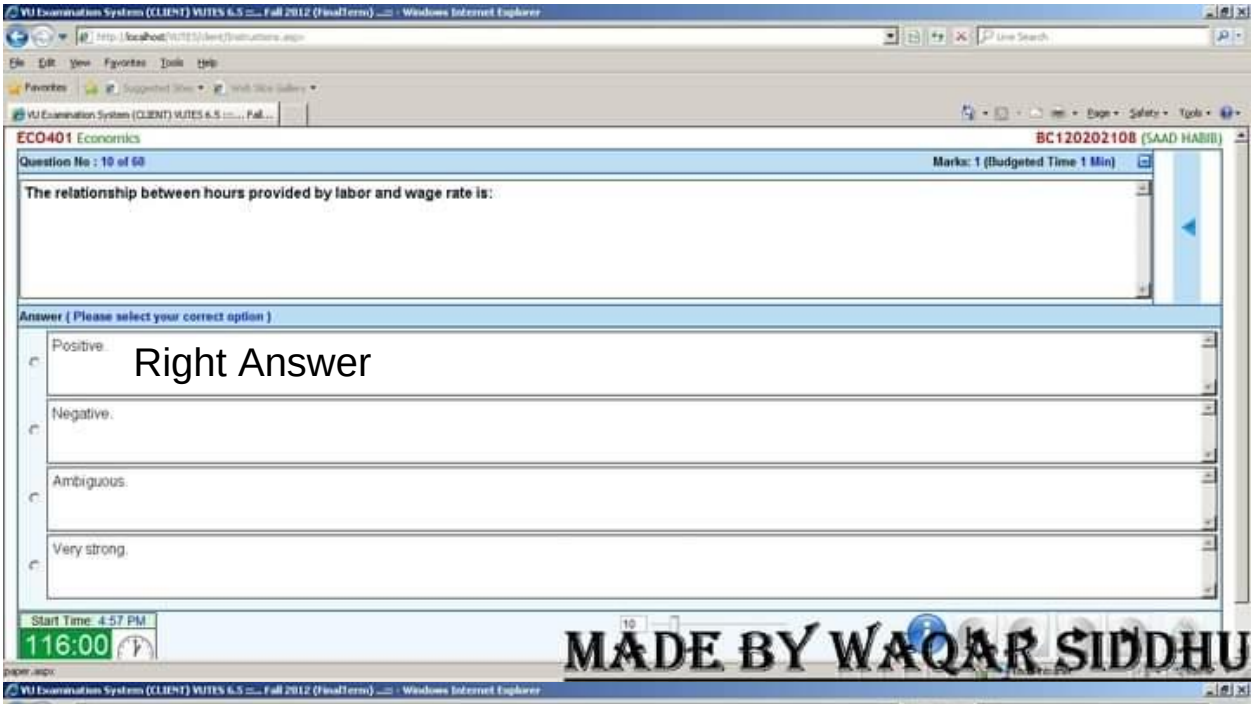

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 5 of 60
Marks: 1 (Budgeted Time 1 Min)
An assumption of classical economics is:
Answer (Please select your correct option)
Investment and saving are seldom equal.
Self-correction takes a long time.
Demand creates its own supply.
Prices and wages are flexible.
Right Answer
Start Time: 4:57 PM
117:00
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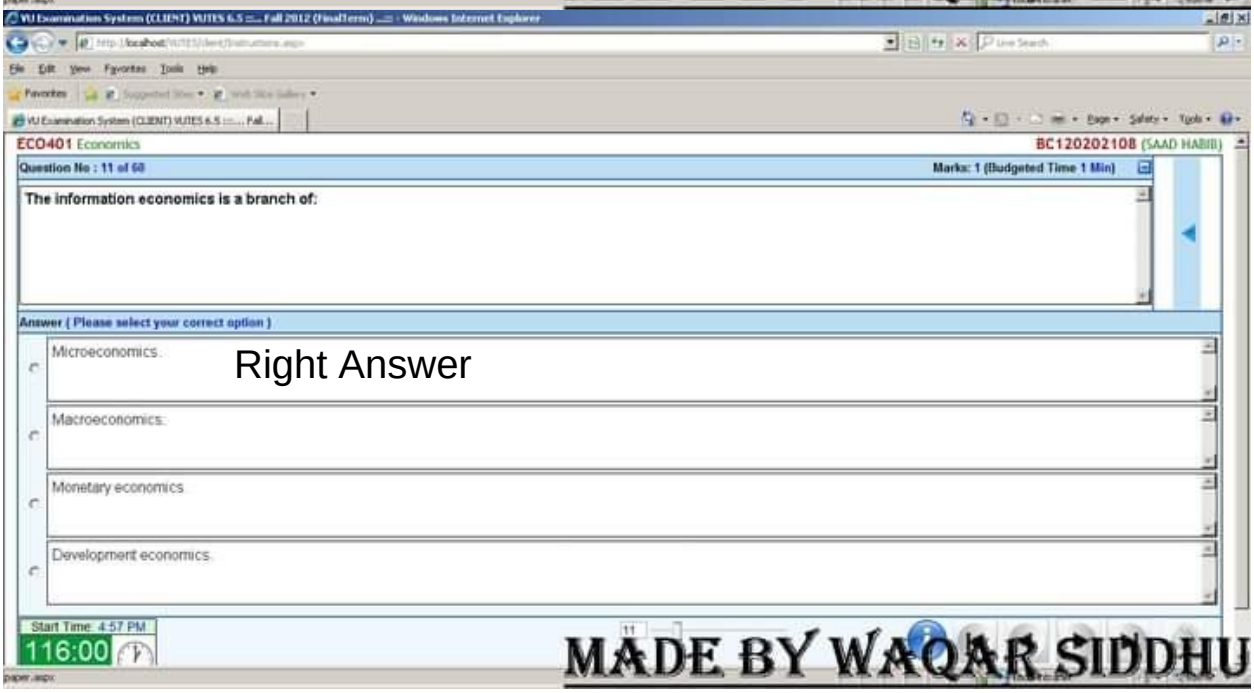

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 6 of 60
Marks: 1 (Budgeted Time 1 Min)
All other things remain the same, Gross Domestic Product (GDP) will rise if:
Answer (Please select your correct option)
Imports rises.
Exports falls.
Durable goods consumption rises.
Military spending falls.
Start Time: 4:57 PM
117:00
Right Answer
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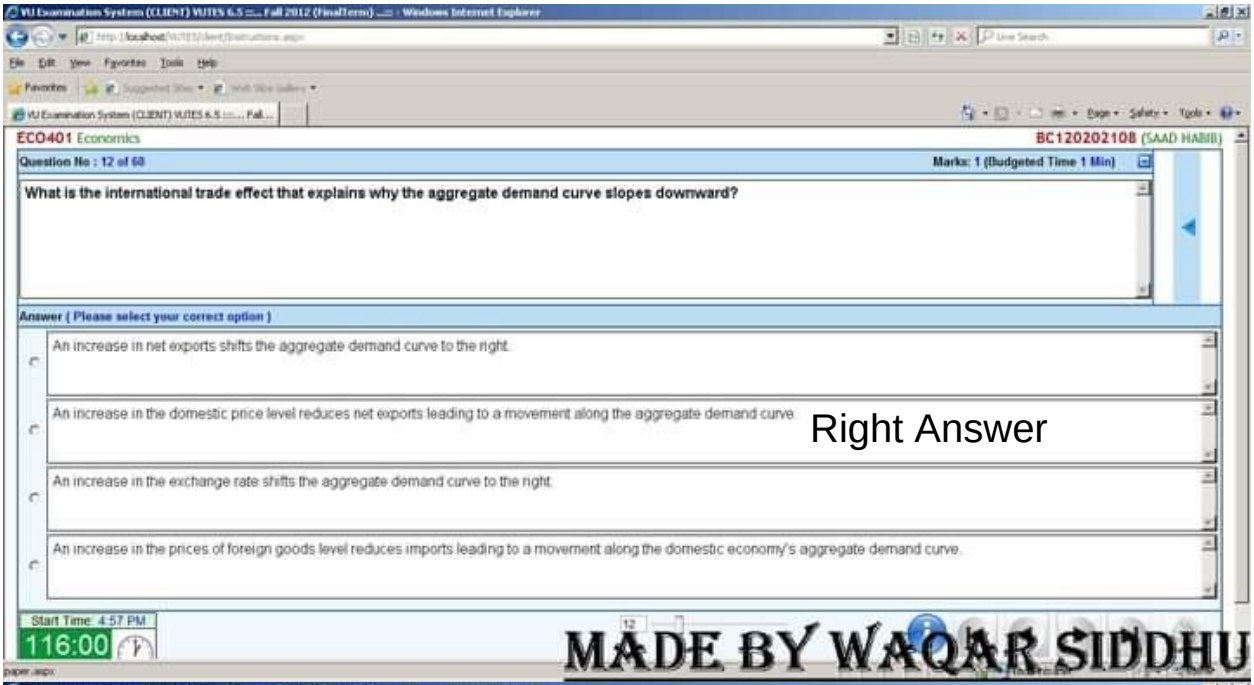

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 7 of 60
Marks: 1 (Budgeted Time 1 Min)
The trend of unemployment over the last forty years is:
Answer (Please select your correct option)
A decrease in unemployment.
It has remained largely unchanged.
An increase in unemployment.
It is too difficult to tell so don't bother.
Start Time: 4:57 PM
116:00
Right Answer
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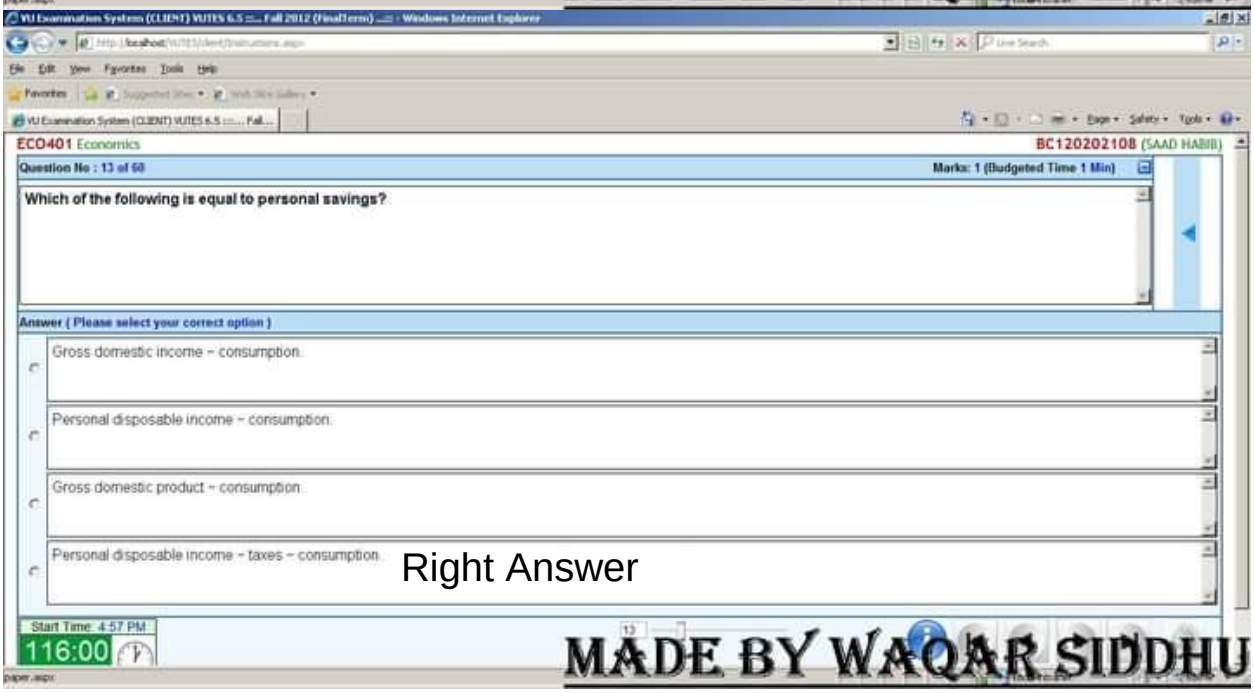

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 8 of 60
Marks: 1 (Budgeted Time 1 Min)
In the Keynesian cross model, the aggregate expenditure line has a slope of:
Answer (Please select your correct option)
1
Right Answer
0
Infinity
Less than 1
Start Time: 4:57 PM
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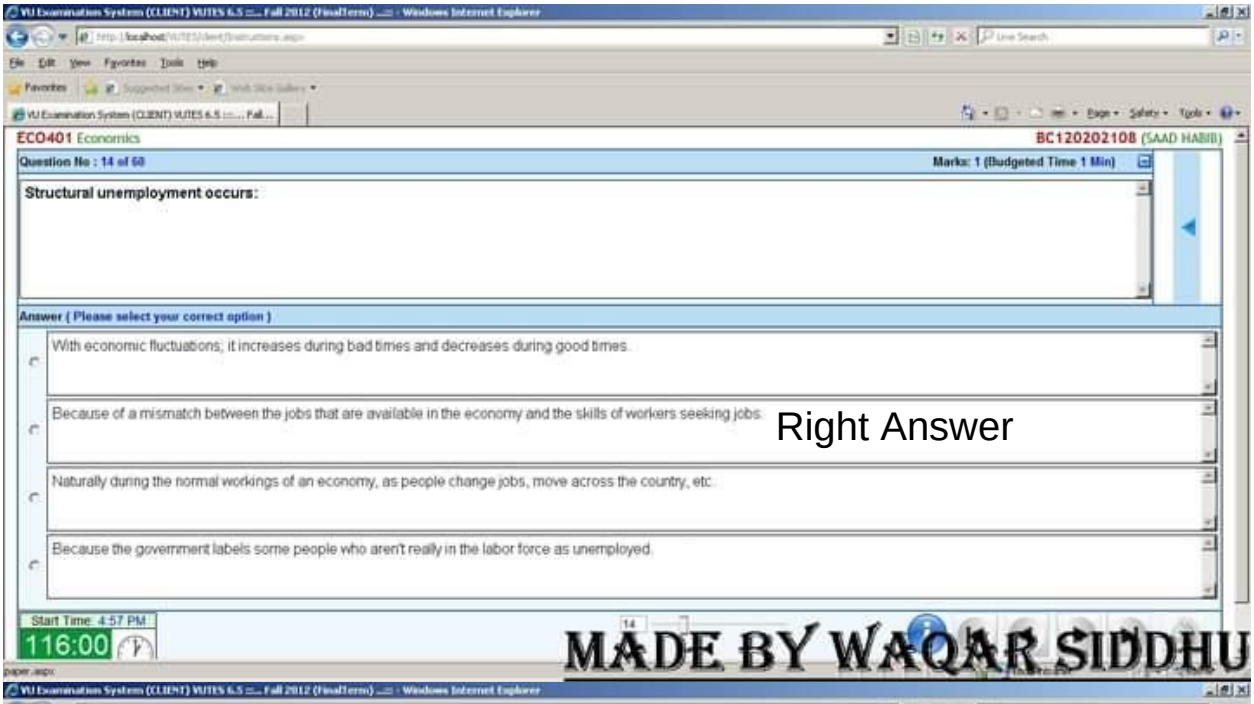

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 9 of 60
Marks: 1 (Budgeted Time 1 Min)
According to Keynesian economics, aggregate expenditures are the sum of desired or planned spending undertaken by:
Answer (Please select your correct option)
All four sectors only when the economy is at full employment.
All four sectors at a specific aggregate production level.
The household sector after taxes.
The business and government sectors.
Start Time: 4:57 PM
116:00
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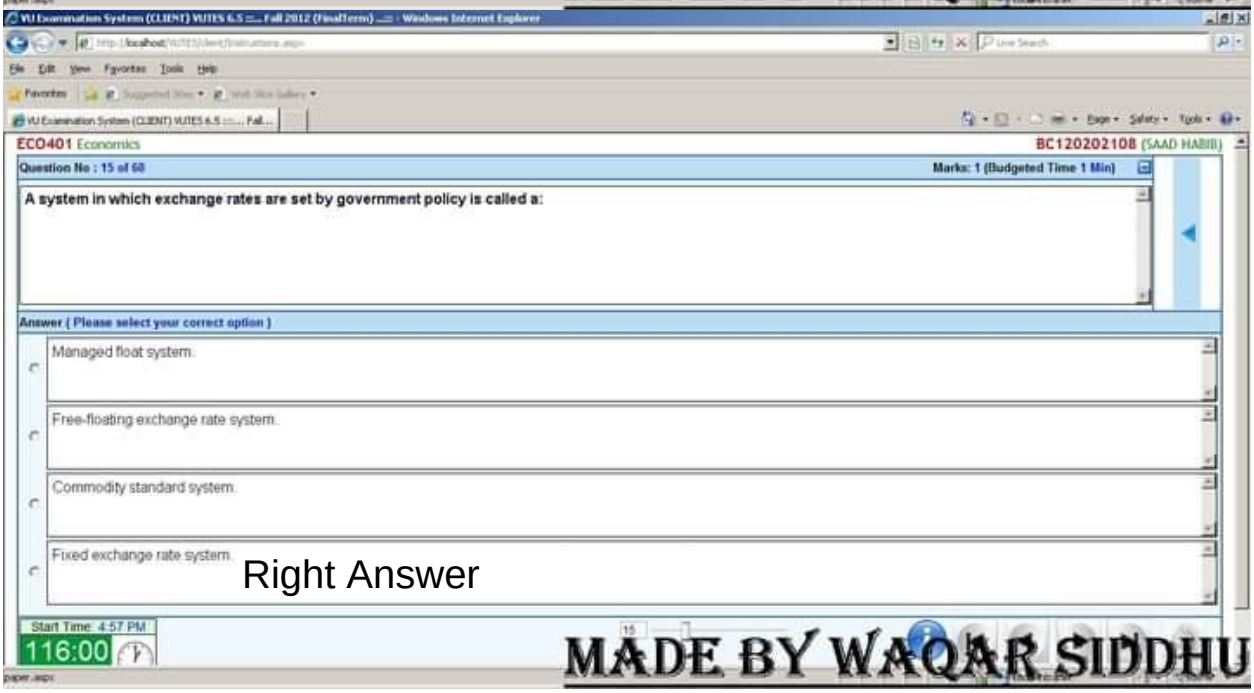

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 10 of 60
Marks: 1 (Budgeted Time 1 Min)
The relationship between hours provided by labor and wage rate is:
Answer (Please select your correct option)
Positive.
Right Answer
Negative.
Ambiguous.
Very strong.
Start Time: 4:57 PM
116:00
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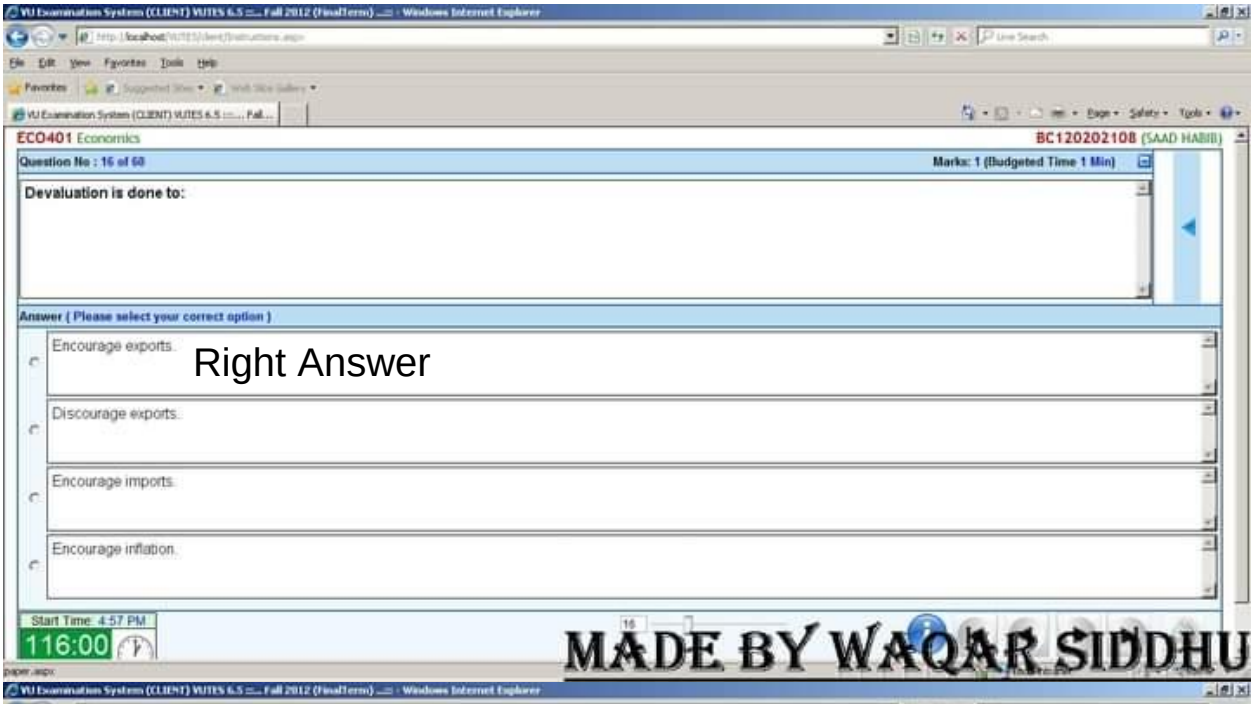

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 11 of 60
Marks: 1 (Budgeted Time 1 Min)
The information economics is a branch of:
Answer (Please select your correct option)
Microeconomics.
Right Answer
Macroeconomics.
Monetary economics.
Development economics.
Start Time: 4:57 PM
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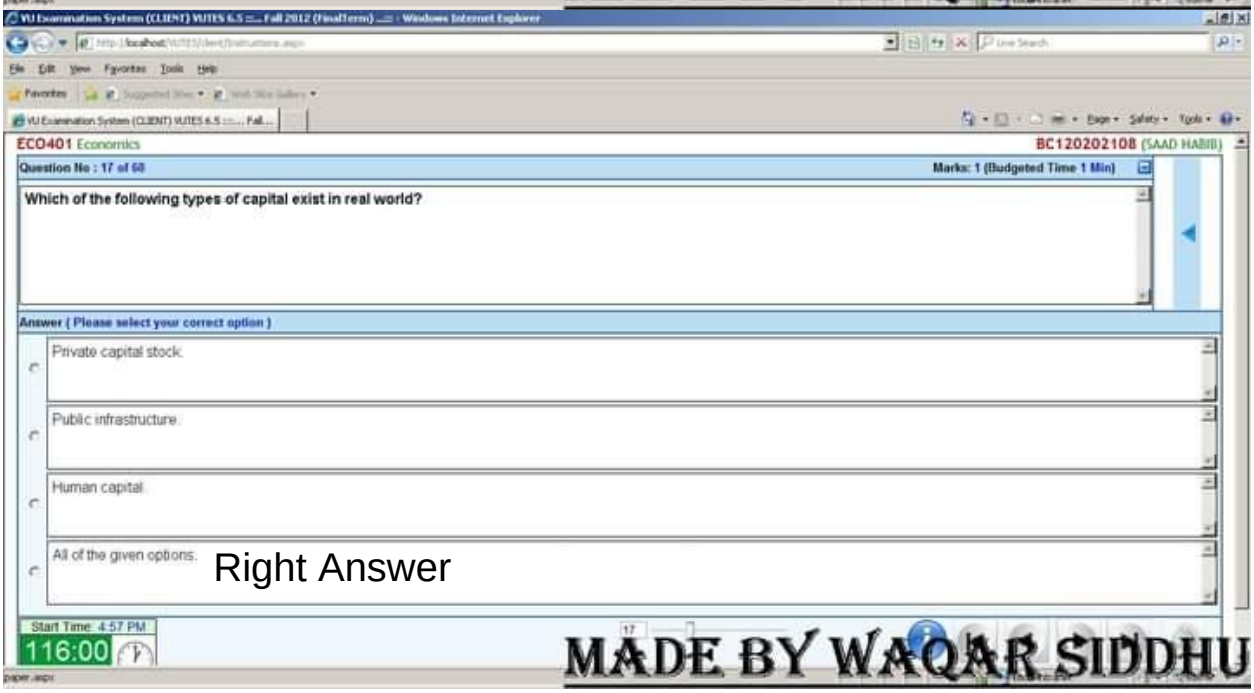

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 12 of 60
Marks: 1 (Budgeted Time 1 Min)
What is the international trade effect that explains why the aggregate demand curve slopes downward?
Answer (Please select your correct option)
An increase in net exports shifts the aggregate demand curve to the right.
An increase in the domestic price level reduces net exports leading to a movement along the aggregate demand curve.
Right Answer
An increase in the exchange rate shifts the aggregate demand curve to the right.
An increase in the prices of foreign goods level reduces imports leading to a movement along the domestic economy's aggregate demand curve.
Start Time: 4:57 PM
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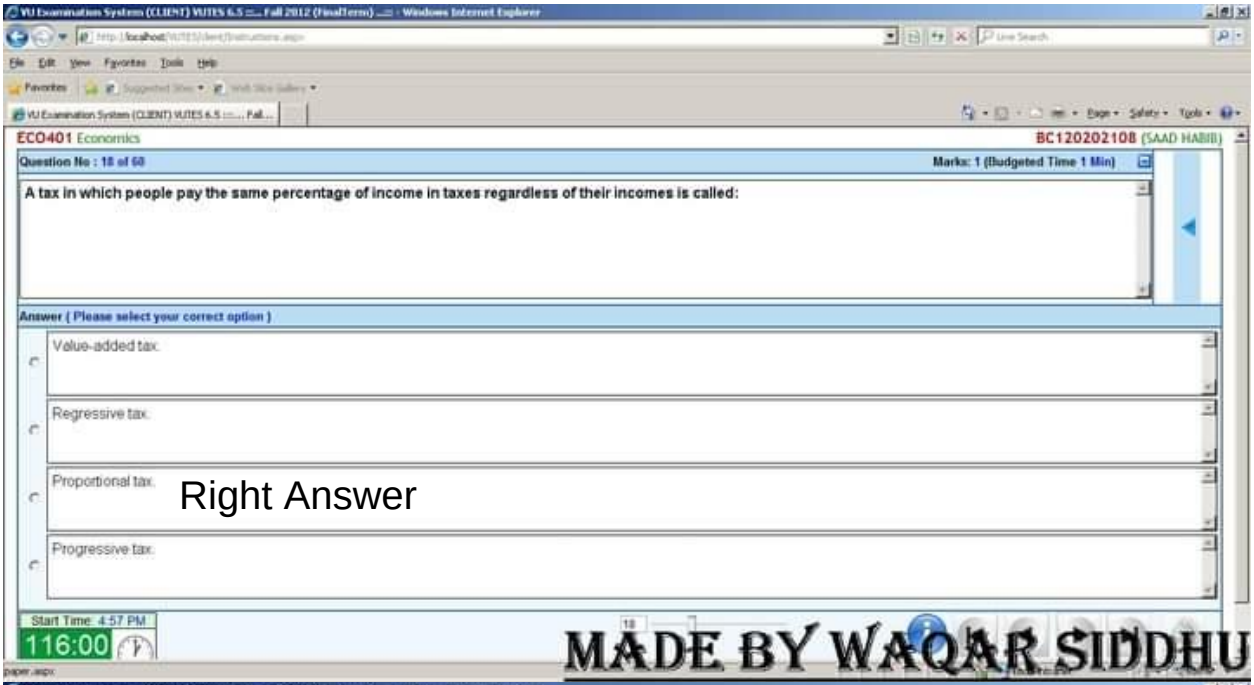

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 13 of 60
Marks: 1 (Budgeted Time 1 Min)
Which of the following is equal to personal savings?
Answer (Please select your correct option)
Gross domestic income - consumption.
Personal disposable income - consumption.
Gross domestic product - consumption.
Personal disposable income - taxes - consumption.
Right Answer
Start Time: 4:57 PM
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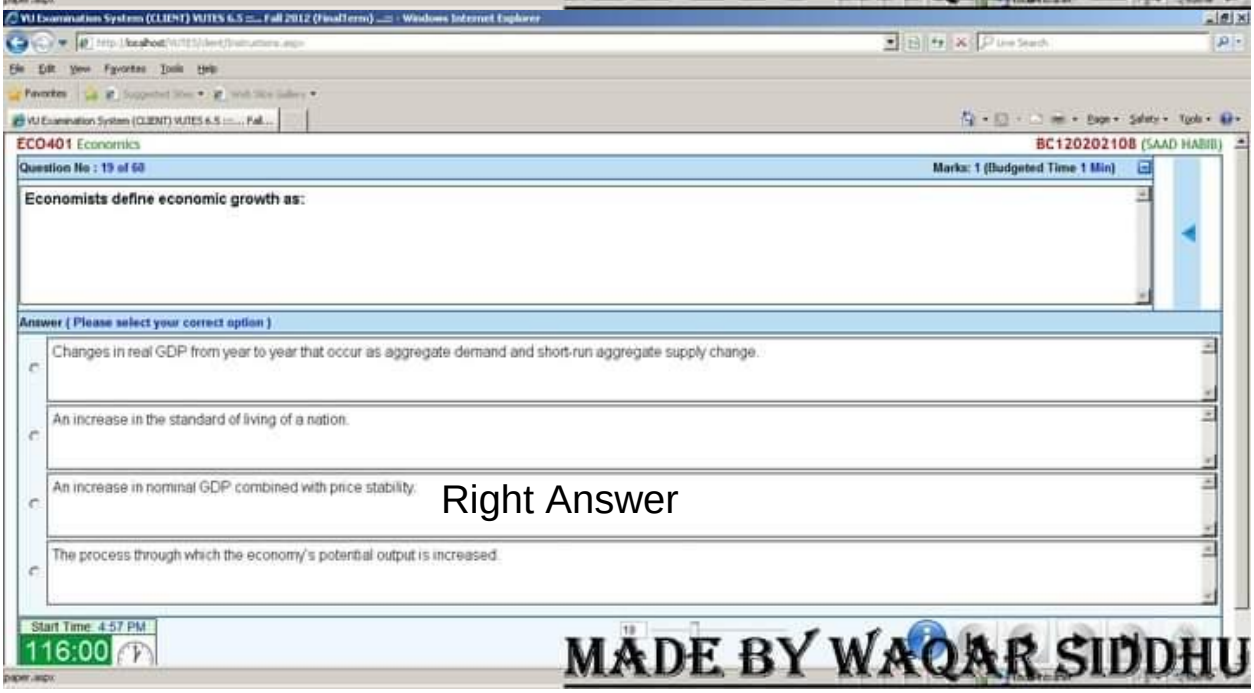

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 14 of 60
Marks: 1 (Budgeted Time 1 Min)
Structural unemployment occurs:
Answer (Please select your correct option)
With economic fluctuations; it increases during bad times and decreases during good times.
Because of a mismatch between the jobs that are available in the economy and the skills of workers seeking jobs.
Right Answer
Naturally during the normal workings of an economy, as people change jobs, move across the country, etc.
Because the government labels some people who aren't really in the labor force as unemployed.
Start Time: 4:57 PM
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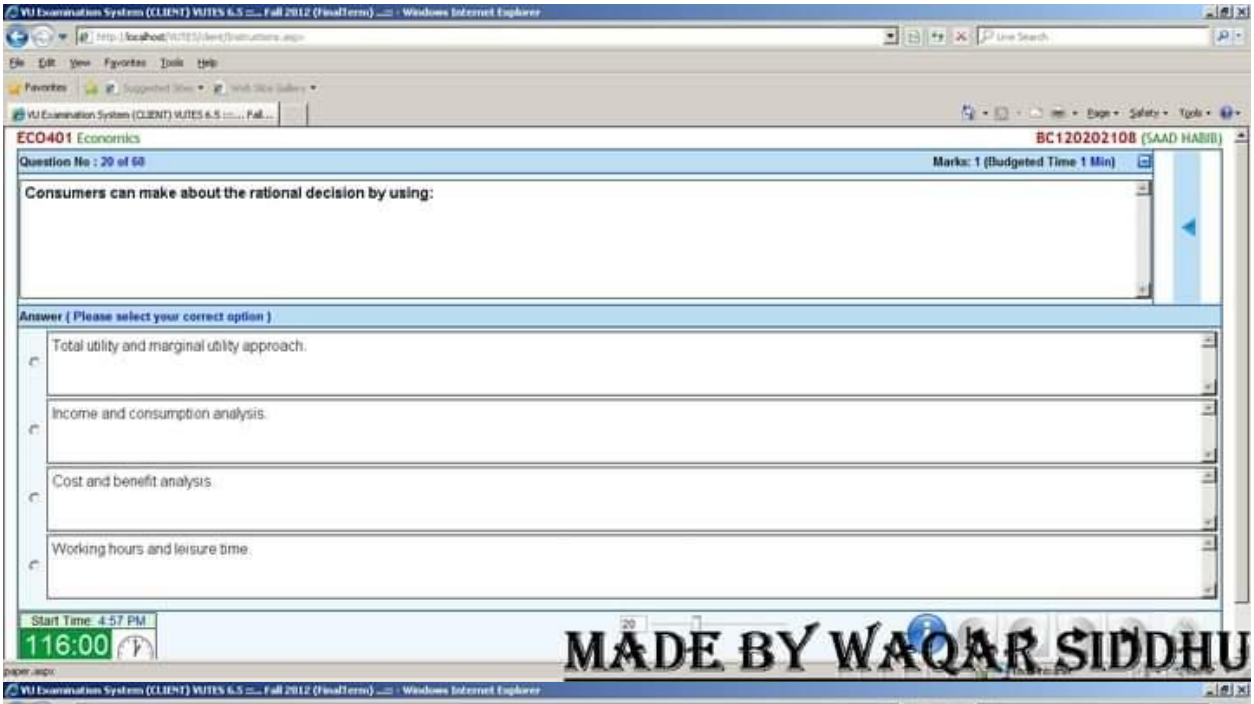

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 15 of 60
Marks: 1 (Budgeted Time 1 Min)
A system in which exchange rates are set by government policy is called a:
Answer (Please select your correct option)
Managed float system.
Free-floating exchange rate system.
Commodity standard system.
Fixed exchange rate system.
Right Answer
Start Time: 4:57 PM
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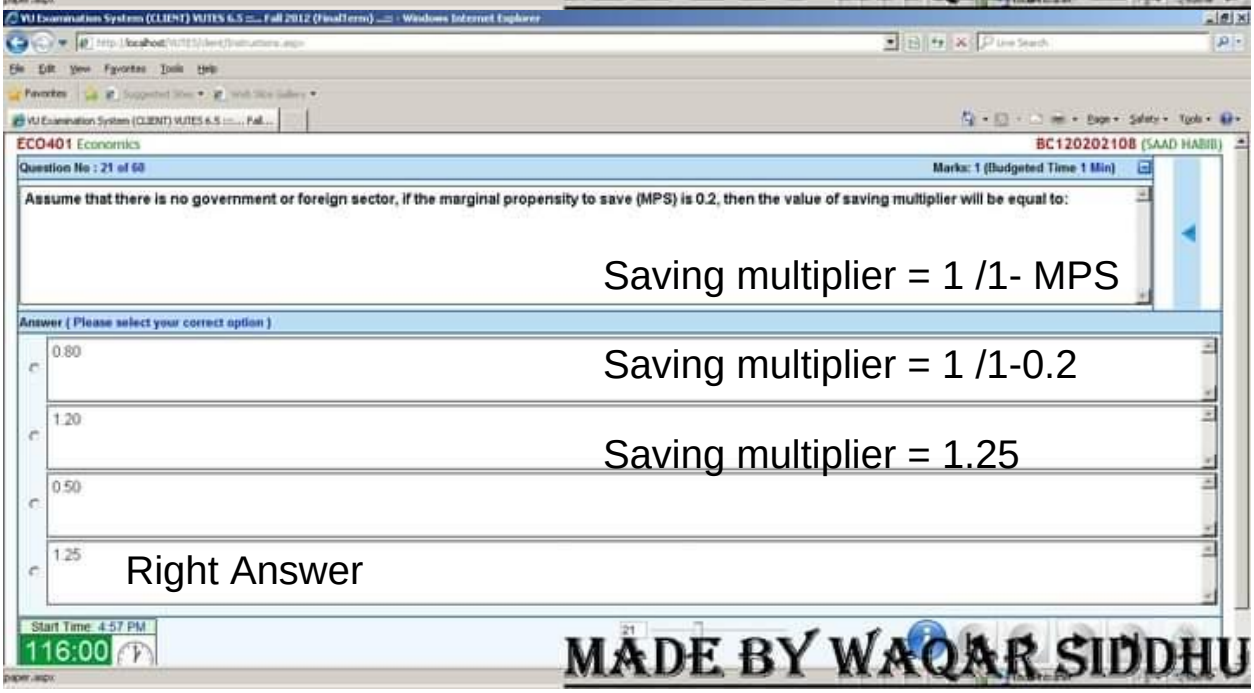

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 16 of 60
Marks: 1 (Budgeted Time 1 Min)
Devaluation is done to:
Answer (Please select your correct option)
Encourage exports.
Right Answer
Discourage exports.
Encourage imports.
Encourage inflation.
Start Time: 4:57 PM
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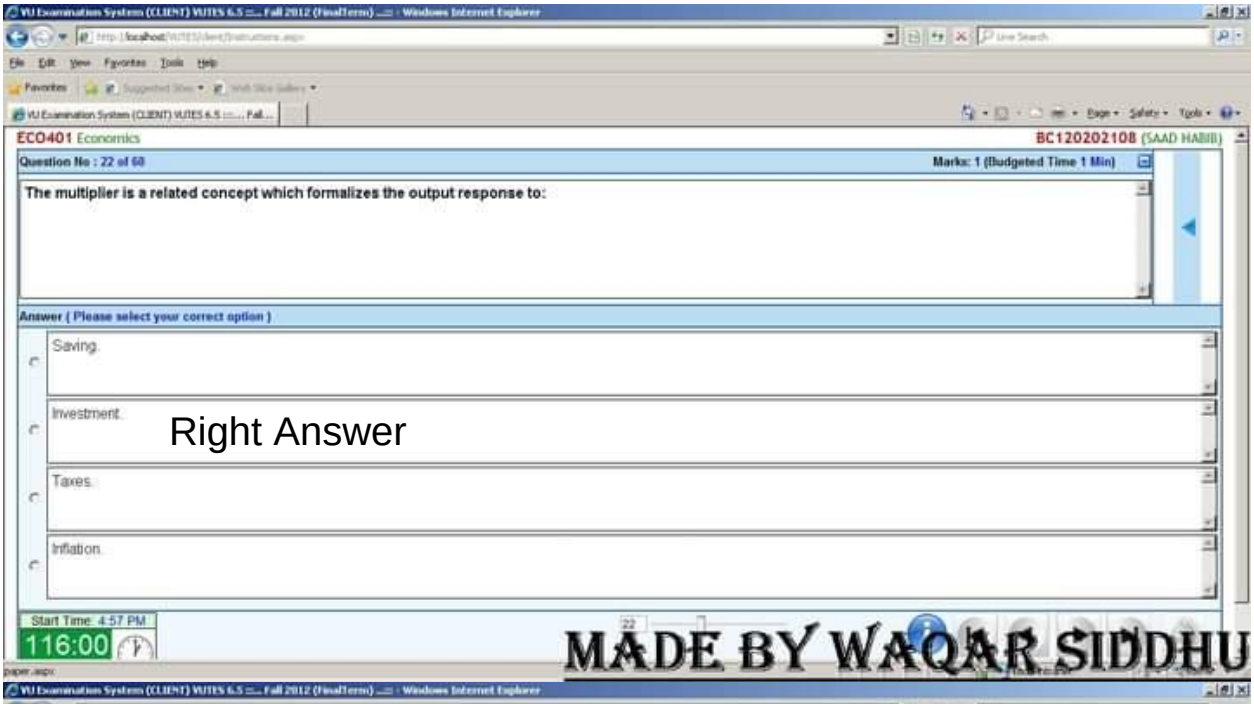

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 17 of 60
Marks: 1 (Budgeted Time 1 Min)
Which of the following types of capital exist in real world?
Answer (Please select your correct option)
Private capital stock.
Public infrastructure.
Human capital.
All of the given options.
Right Answer
Start Time: 4:57 PM
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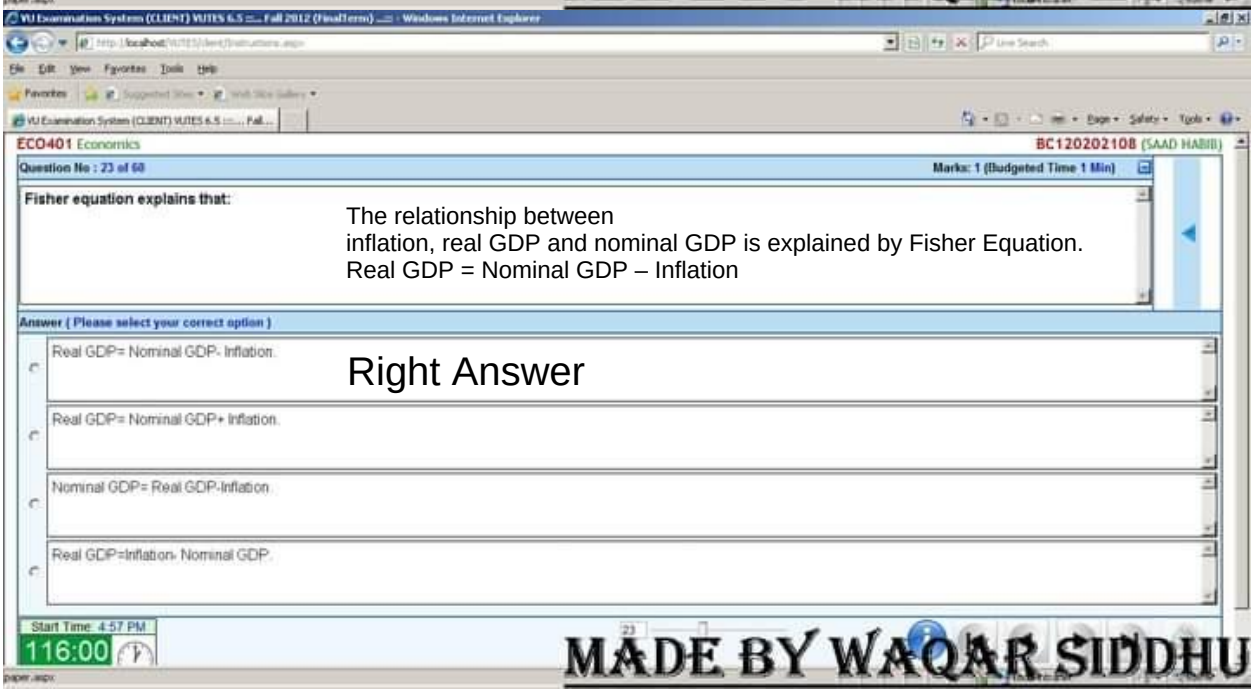

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 18 of 60
Marks: 1 (Budgeted Time 1 Min)
A tax in which people pay the same percentage of income in taxes regardless of their incomes is called:
Answer (Please select your correct option)
Value-added tax.
Regressive tax.
Proportional tax.
Right Answer
Progressive tax.
Start Time: 4:57 PM
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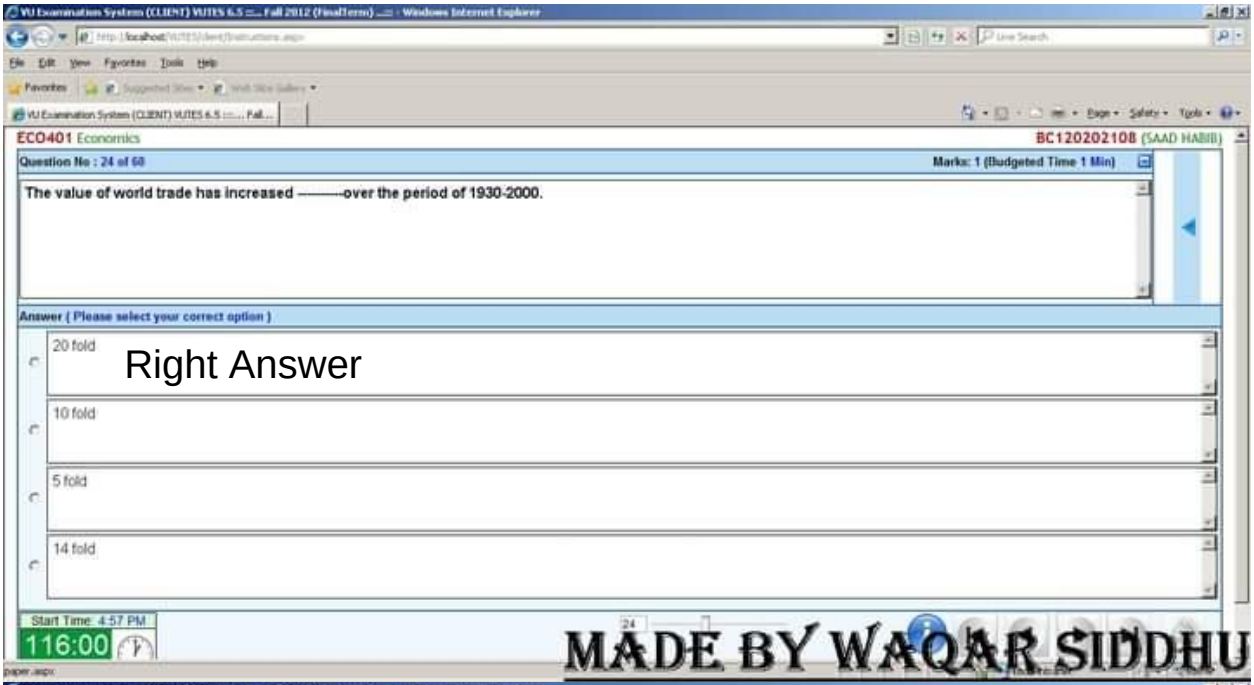

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 19 of 60
Marks: 1 (Budgeted Time 1 Min)
Economists define economic growth as:
Answer (Please select your correct option)
Changes in real GDP from year to year that occur as aggregate demand and short-run aggregate supply change.
An increase in the standard of living of a nation.
An increase in nominal GDP combined with price stability.
Right Answer
The process through which the economy's potential output is increased.
Start Time: 4:57 PM
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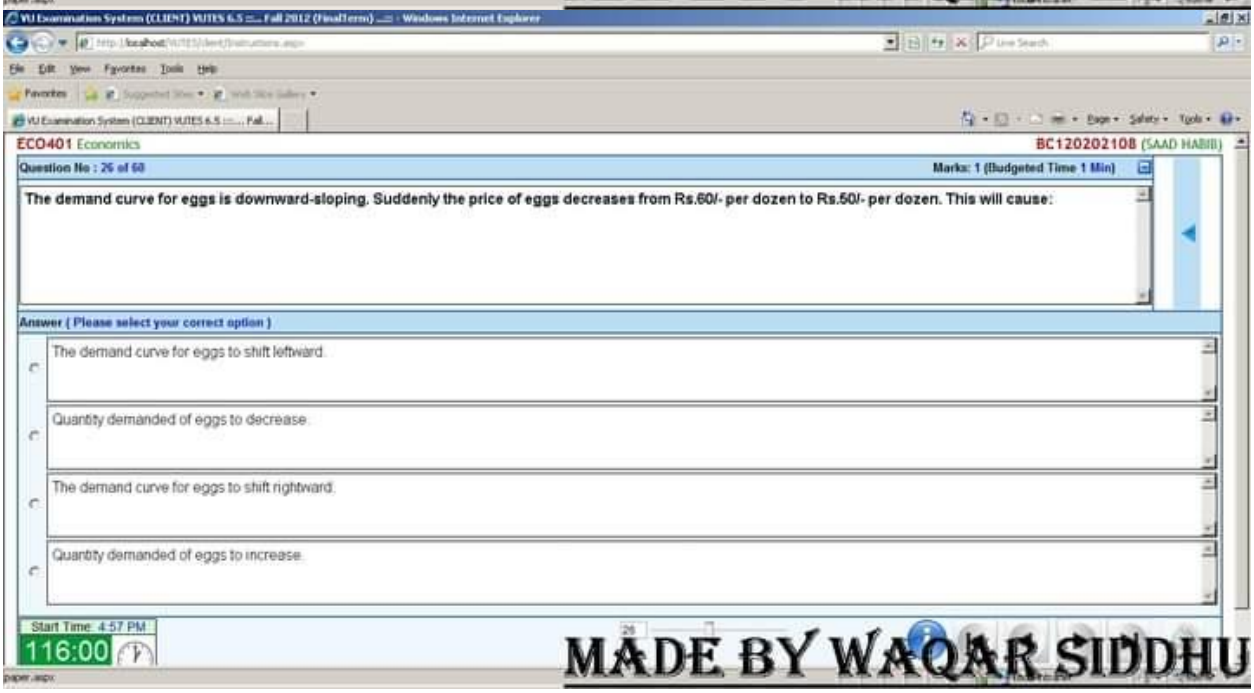

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 20 of 60
Marks: 1 (Budgeted Time 1 Min)
Consumers can make about the rational decision by using:
Answer (Please select your correct option)
Total utility and marginal utility approach.
Income and consumption analysis.
Cost and benefit analysis
Working hours and leisure time.
Start Time: 4:57 PM
116:00
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 21 of 60
Marks: 1 (Budgeted Time 1 Min)
Assume that there is no government or foreign sector, if the marginal propensity to save (MPS) is 0.2, then the value of saving multiplier will be equal to:
Saving multiplier = 1 /1- MPS
Answer (Please select your correct option)
0.80
Saving multiplier = 1 /1-0.2
1.20
Saving multiplier = 1.25
0.50
1.25
Right Answer
Start Time: 4:57 PM
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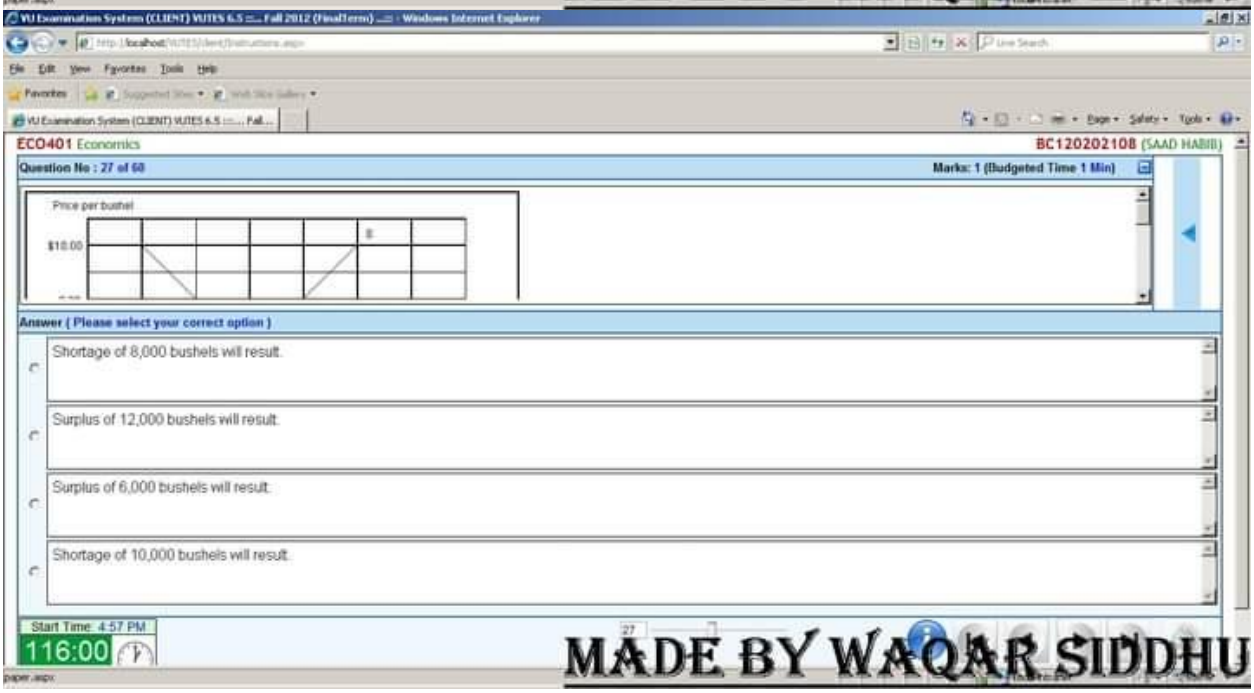

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 22 of 60
Marks: 1 (Budgeted Time 1 Min)
The multiplier is a related concept which formalizes the output response to:
Answer (Please select your correct option)
Saving
Investment
Taxes
Inflation
Start Time: 4:57 PM
116:00
Right Answer
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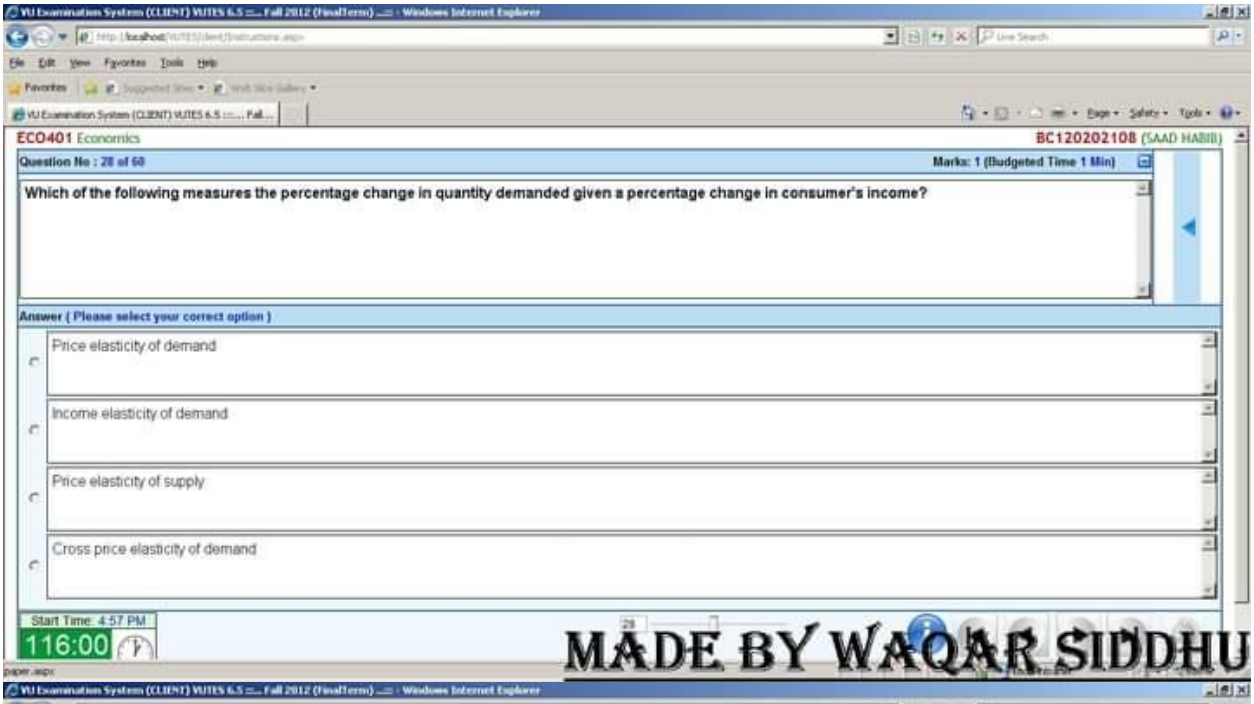

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 23 of 60
Marks: 1 (Budgeted Time 1 Min)
Fisher equation explains that:
The relationship between
inflation, real GDP and nominal GDP is explained by Fisher Equation.
Real GDP = Nominal GDP – Inflation
Answer (Please select your correct option)
Real GDP= Nominal GDP- Inflation
Real GDP= Nominal GDP+ Inflation
Nominal GDP= Real GDP-Inflation
Real GDP=Inflation- Nominal GDP
Start Time: 4:57 PM
116:00
Right Answer
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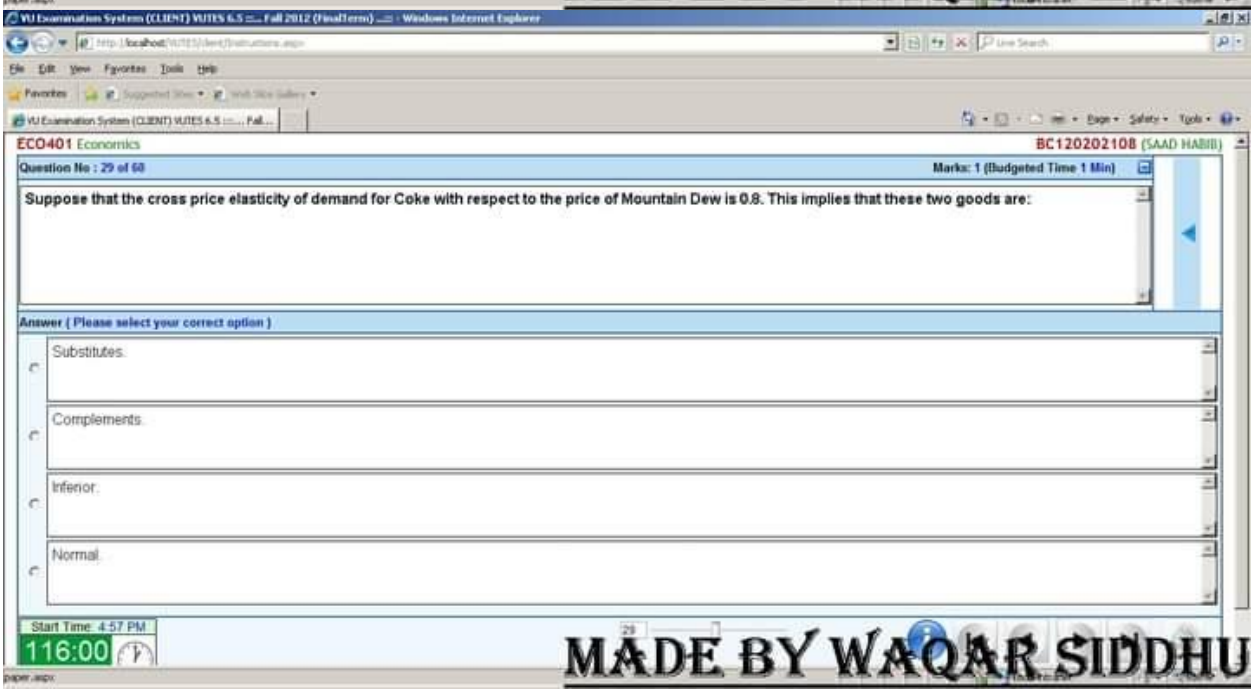

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 24 of 60
Marks: 1 (Budgeted Time 1 Min)
The value of world trade has increased ---------over the period of 1930-2000.
Answer (Please select your correct option)
20 fold
Right Answer
10 fold
5 fold
14 fold
Start Time: 4:57 PM
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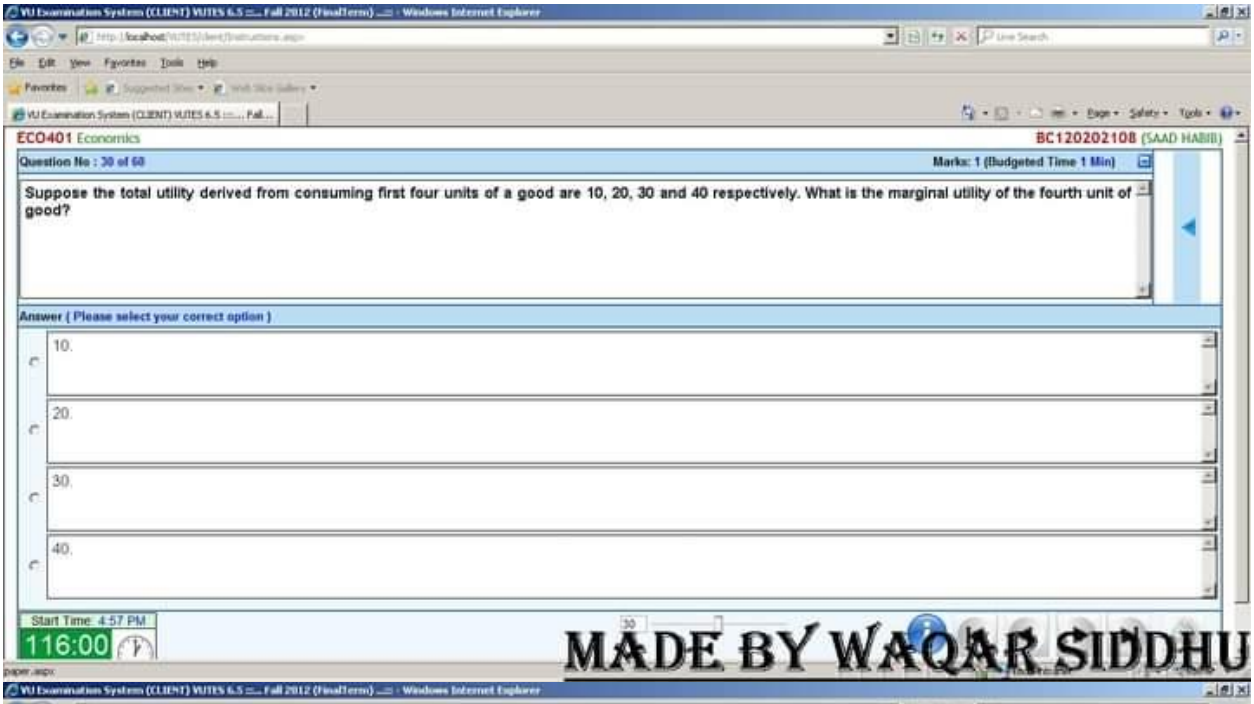

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 26 of 60
Marks: 1 (Budgeted Time 1 Min)
The demand curve for eggs is downward-sloping. Suddenly the price of eggs decreases from Rs.60/- per dozen to Rs.50/- per dozen. This will cause:
Answer (Please select your correct option)
The demand curve for eggs to shift leftward.
Quantity demanded of eggs to decrease.
The demand curve for eggs to shift rightward.
Quantity demanded of eggs to increase.
Start Time: 4:57 PM
116:00
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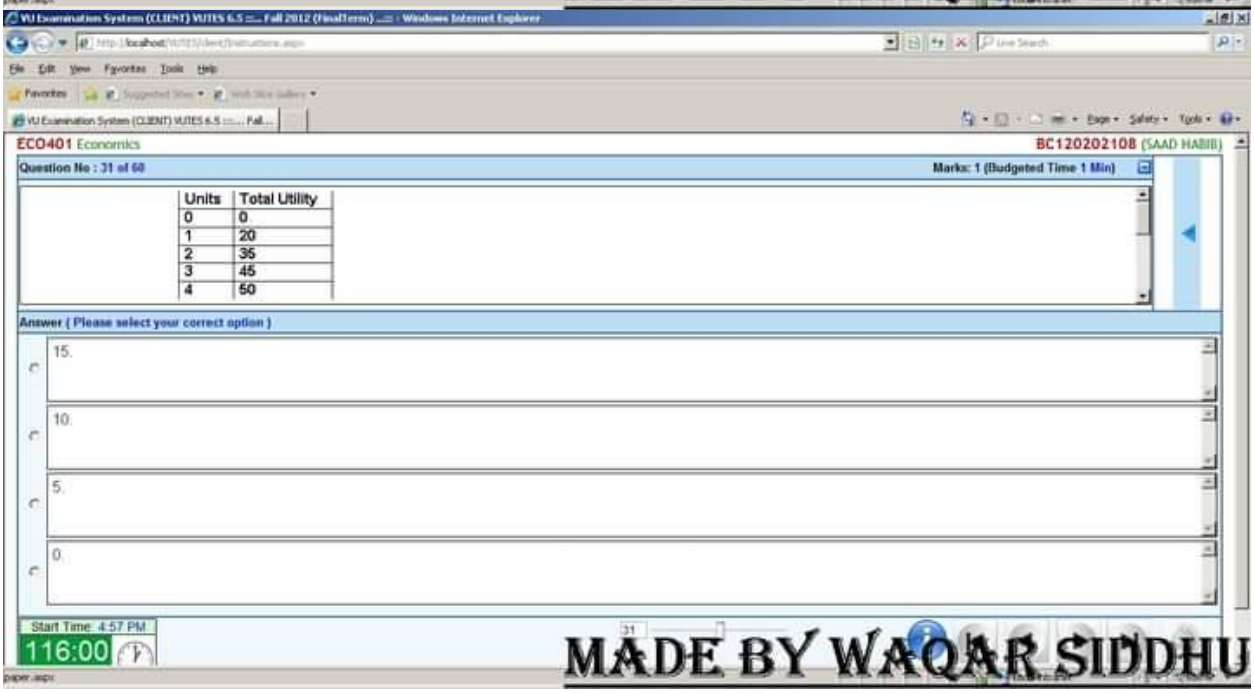

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 25 of 60
Marks: 1 (Budgeted Time 1 Min)
The developing countries often face two gaps, foreign exchange gap and:
Answer (Please select your correct option)
Saving and investment gap.
Right Answer
Income and consumption gap.
Aggregate demand and aggregate supply gap.
None of the given options.
Start Time: 4:57 PM
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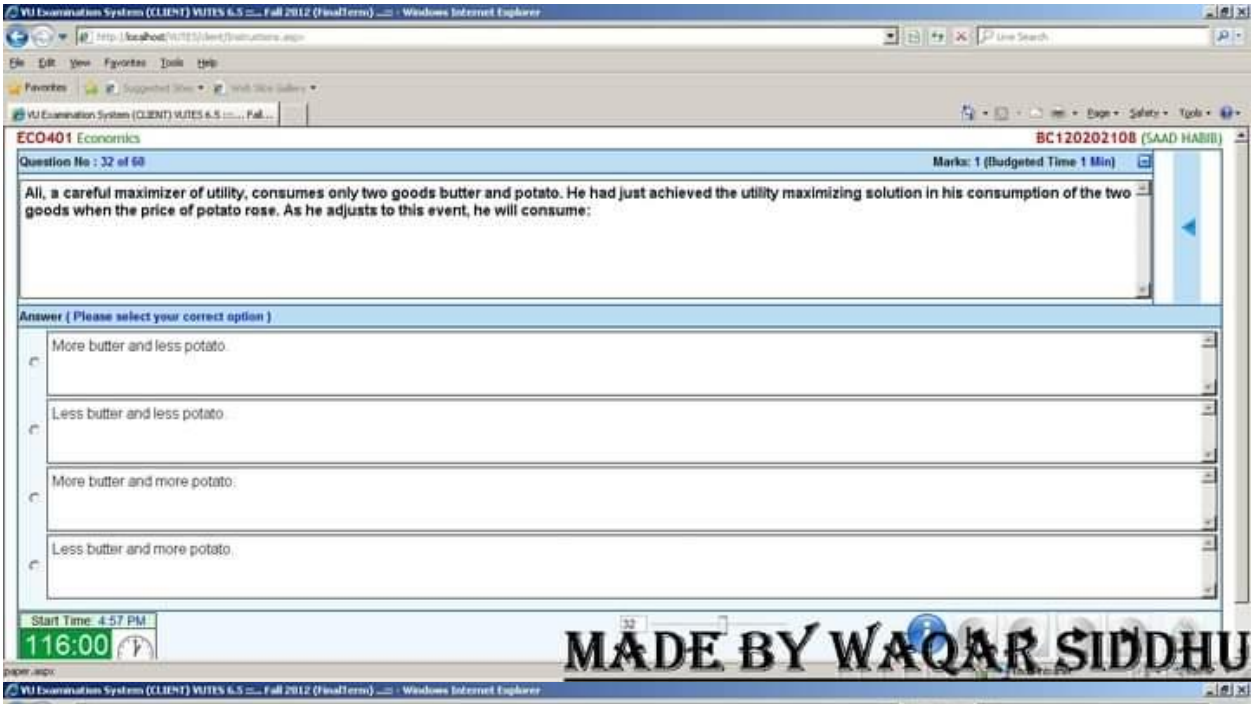

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 27 of 60
Marks: 1 (Budgeted Time 1 Min)
Price per bushel
$10.00
Answer (Please select your correct option)
Shortage of 8,000 bushels will result.
Surplus of 12,000 bushels will result.
Surplus of 6,000 bushels will result.
Shortage of 10,000 bushels will result.
Start Time: 4:57 PM
116:00
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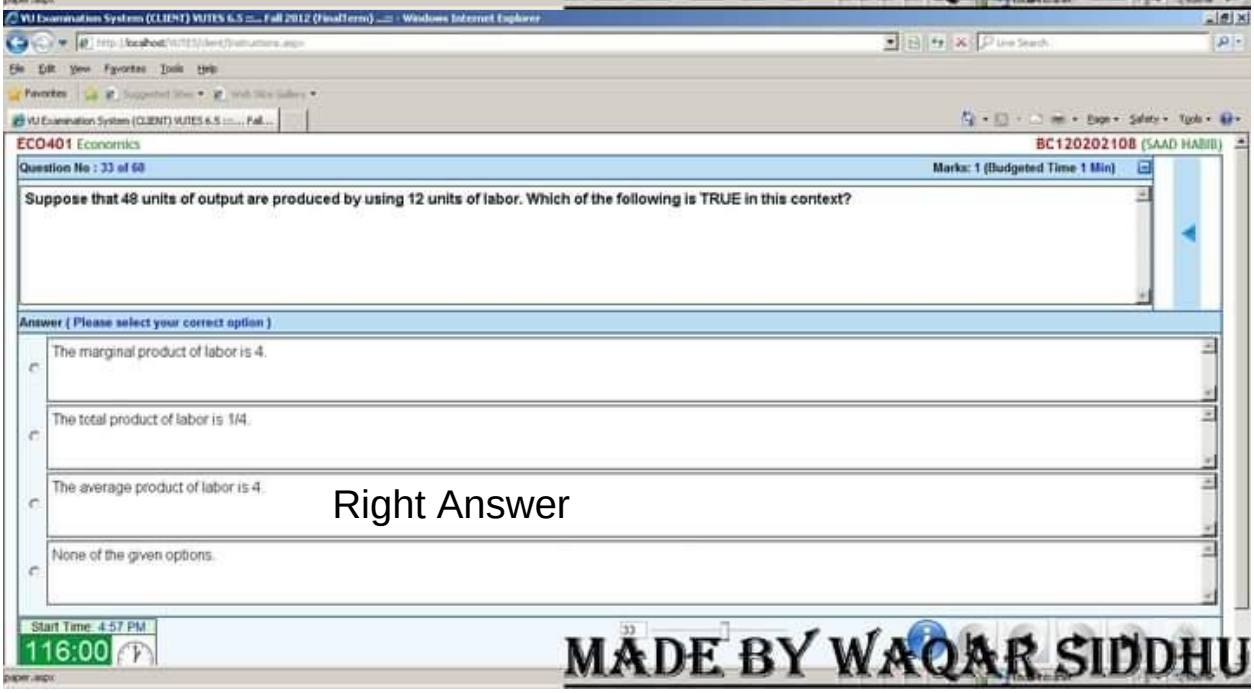

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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 28 of 60
Marks: 1 (Budgeted Time 1 Min)
Which of the following measures the percentage change in quantity demanded given a percentage change in consumer's income?
Answer (Please select your correct option)
Price elasticity of demand
Income elasticity of demand
Price elasticity of supply
Cross price elasticity of demand
Start Time: 4:57 PM
116:00
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 29 of 60
Marks: 1 (Budgeted Time 1 Min)
Suppose that the cross price elasticity of demand for Coke with respect to the price of Mountain Dew is 0.8. This implies that these two goods are:
Answer (Please select your correct option)
Substitutes
Complements
Inferior
Normal
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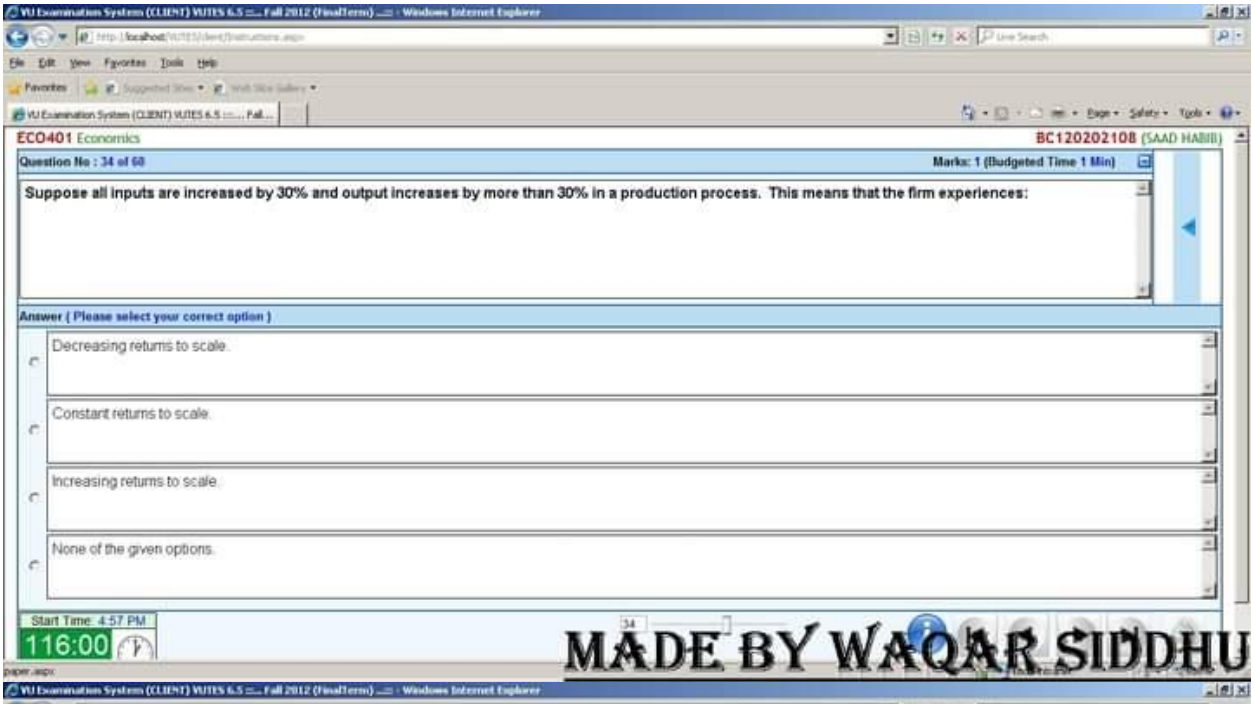

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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 30 of 60
Marks: 1 (Budgeted Time 1 Min)
Suppose the total utility derived from consuming first four units of a good are 10, 20, 30 and 40 respectively. What is the marginal utility of the fourth unit of good?
Answer (Please select your correct option)
10.
20.
30.
40.
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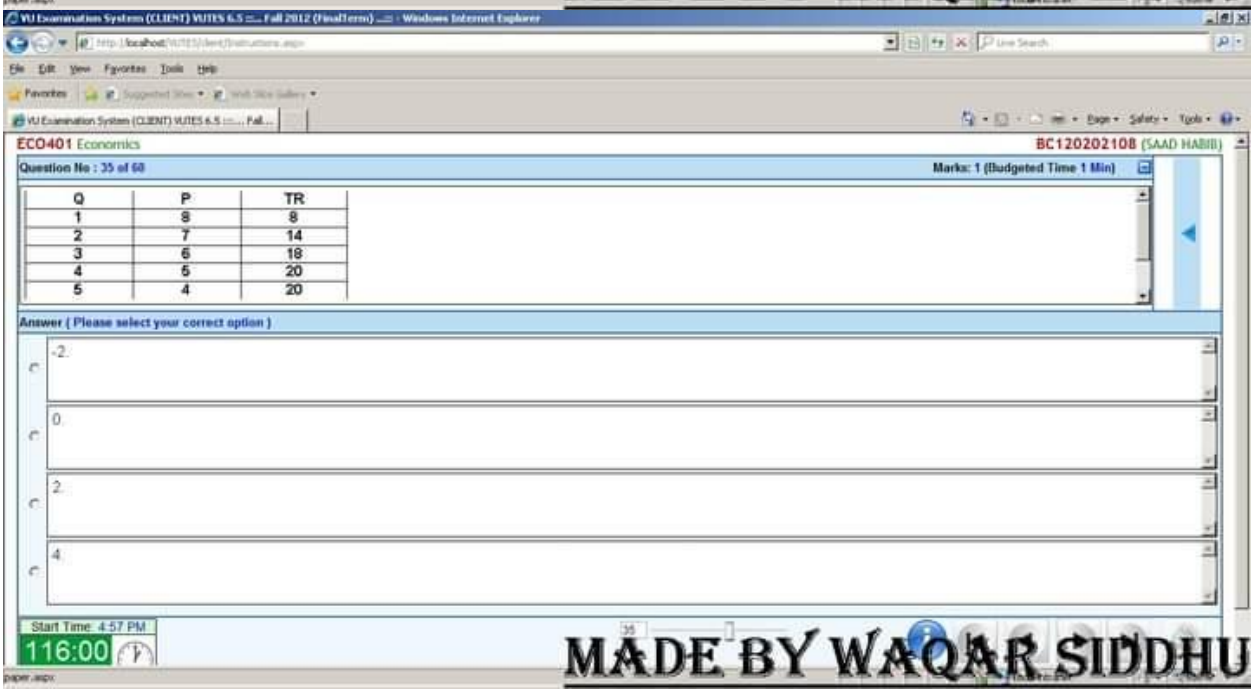

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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 31 of 60
Marks: 1 (Budgeted Time 1 Min)
Units
Total Utility
0
0
1
20
2
35
3
45
4
50
Answer (Please select your correct option)
15.
10.
5.
0.
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Right Answer


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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 34 of 60
Marks: 1 (Budgeted Time 1 Min)
Suppose all inputs are increased by 30% and output increases by more than 30% in a production process. This means that the firm experiences:
Answer (Please select your correct option)
Decreasing returns to scale.
Constant returns to scale.
Increasing returns to scale.
None of the given options.
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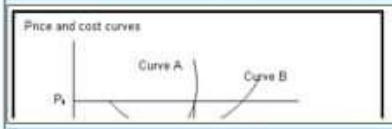

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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 35 of 60
Marks: 1 (Budgeted Time 1 Min)
Q P TR
1 8 8
2 7 14
3 6 18
4 5 20
5 4 20
Answer (Please select your correct option)
-2.
0.
2.
4.
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ECO401 Economics

BC120202108 (SAAD HABIB)

Question No : 36 of 60

Marks: 1 (Budgeted Time 1 Min)



Answer (Please select your correct option)

- Average total cost curve.
- Marginal revenue curve.
- Marginal cost curve.
- Average variable cost curve.

Start Time: 4:57 PM

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ECO401 Economics

BC120202108 (SAAD HABIB)

Question No : 37 of 60

Marks: 1 (Budgeted Time 1 Min)

OPEC is:

Answer (Please select your correct option)

- A cartel of oil producing countries.
- The Organization of Petroleum Exporting Countries. Right Answer
- The cartel that was responsible for the large increases in crude oil prices in the 1970s.
- Illustrated by all of the given options.

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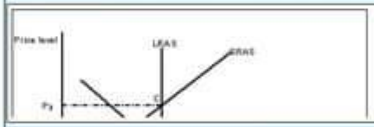
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ECO401 Economics BC120202108 (SAAD HABIB)

Question No : 38 of 60 Marks: 1 (Budgeted Time 1 Min)



Answer (Please select your correct option)

- Price level = P_2, real GDP = Y_2
- Price level = P_3, real GDP = Y_3
- Price level = P_1, real GDP = Y_3
- Price level = P_1, real GDP = Y_1

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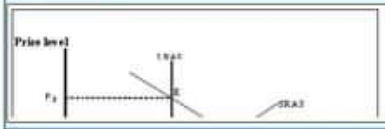
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ECO401 Economics BC120202108 (SAAD HABIB)

Question No : 39 of 60 Marks: 1 (Budgeted Time 1 Min)



Answer (Please select your correct option)

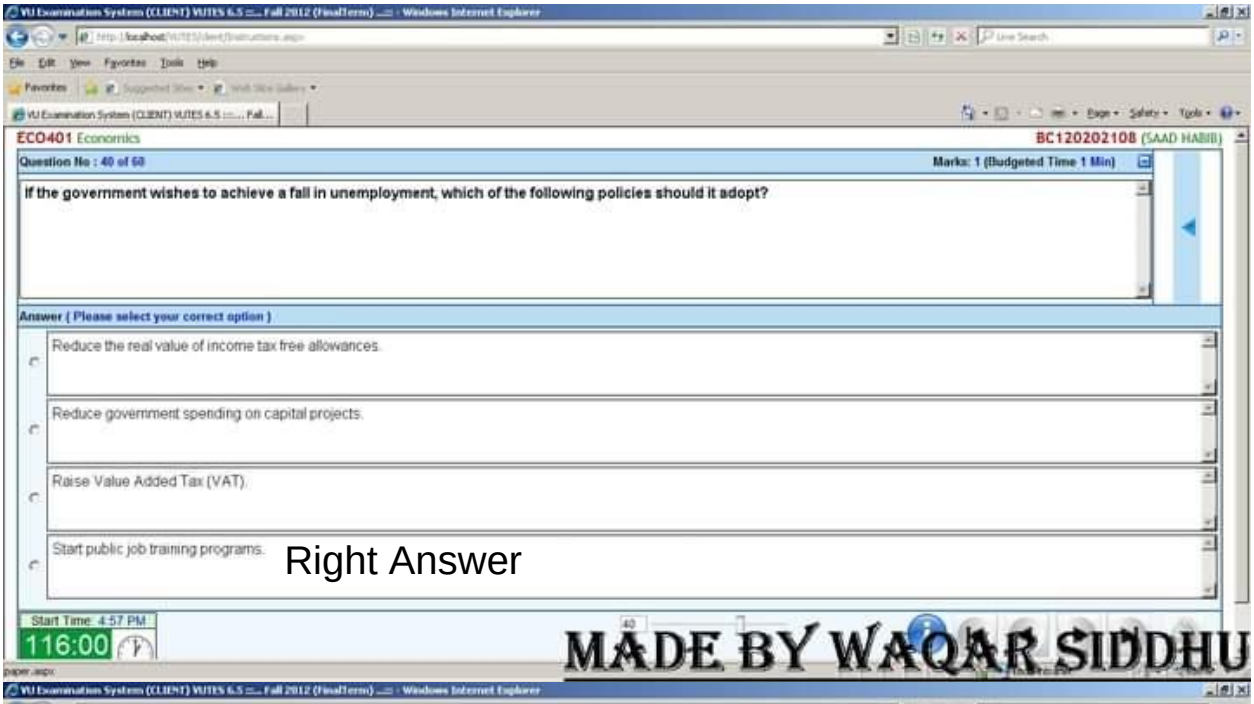
- Price level = P_1, real GDP = Y_3
- Price level = P_1, real GDP = Y_1
- Price level = P_2, real GDP = Y_2
- Price level = P_3, real GDP = Y_3

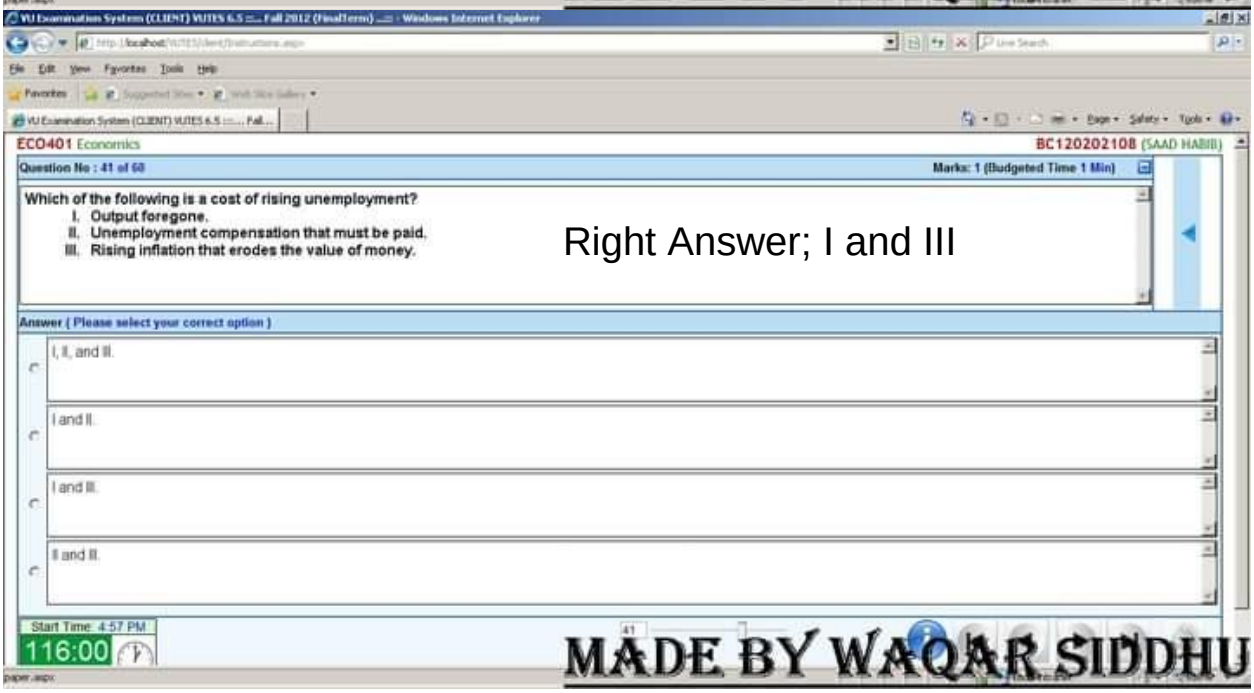
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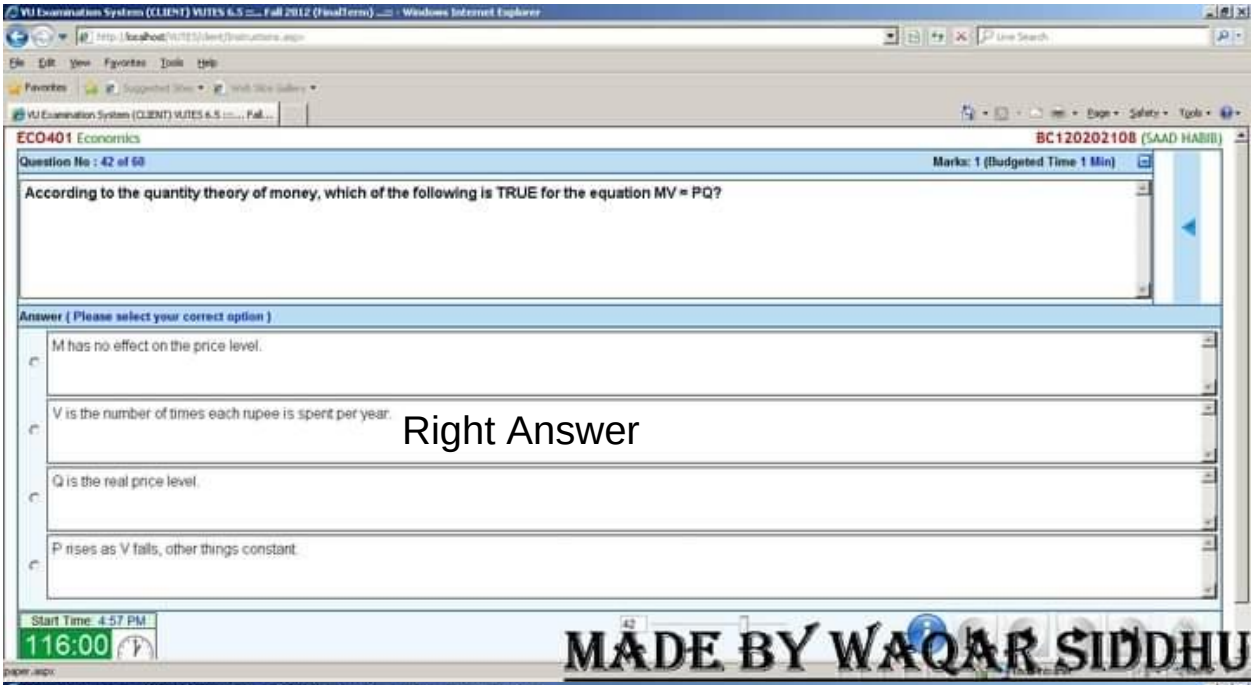
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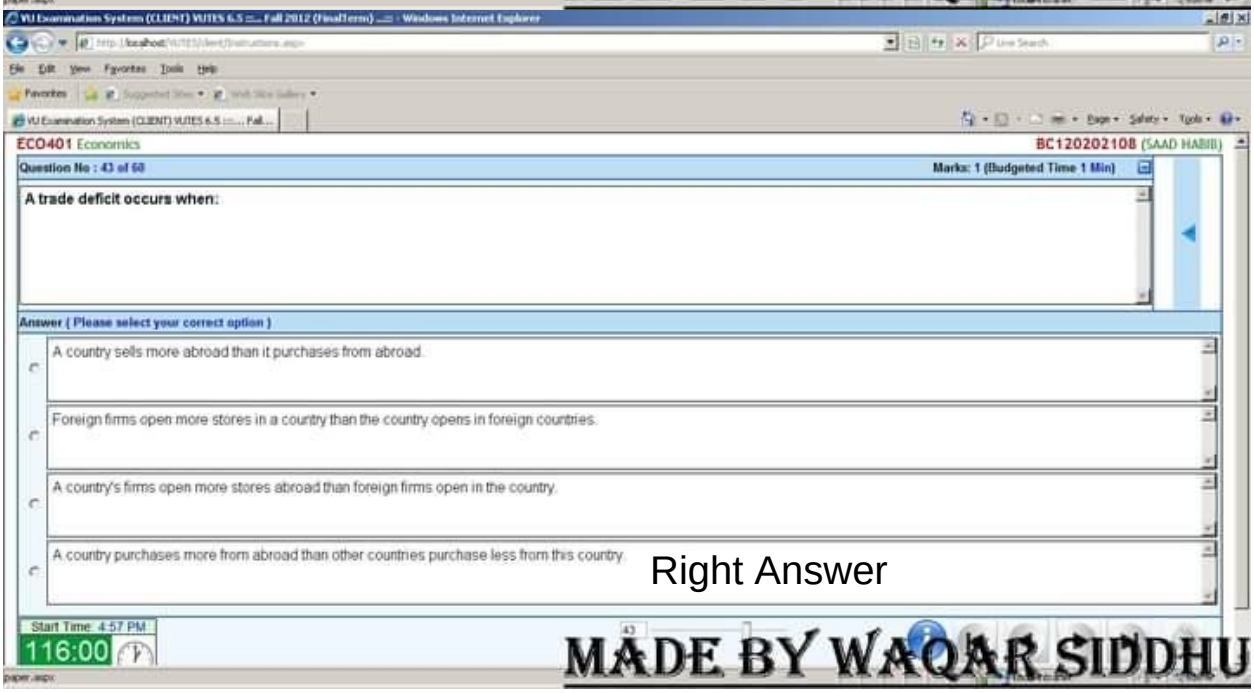
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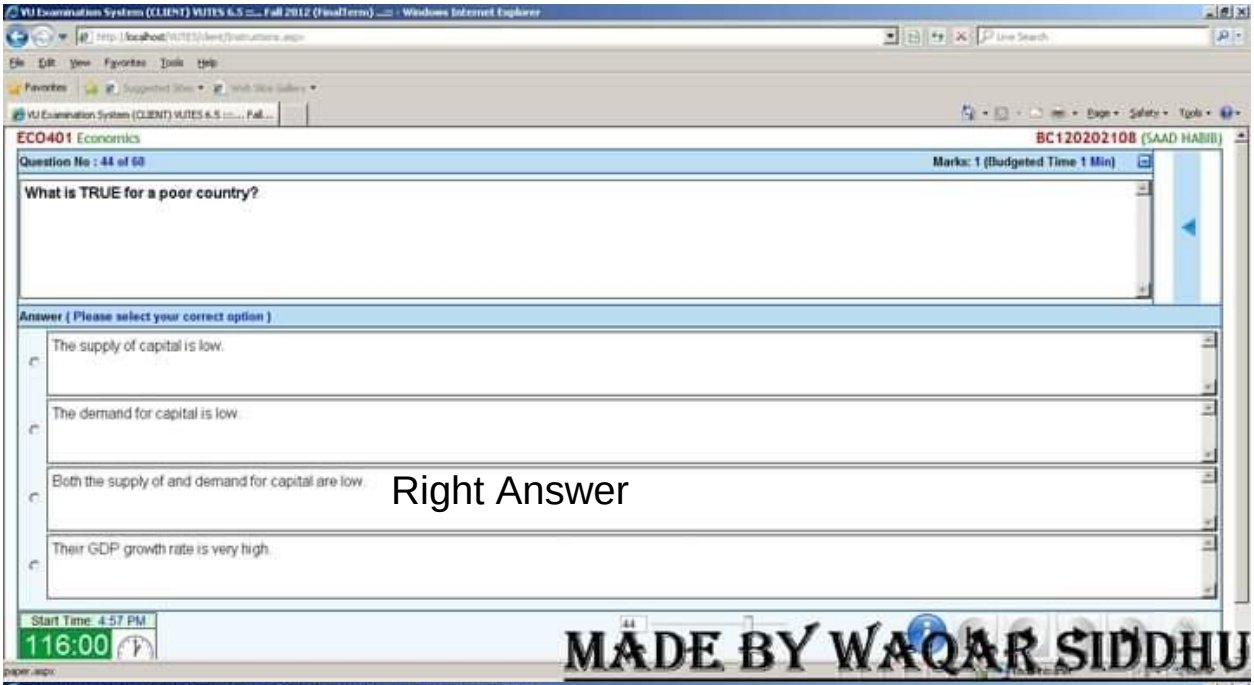
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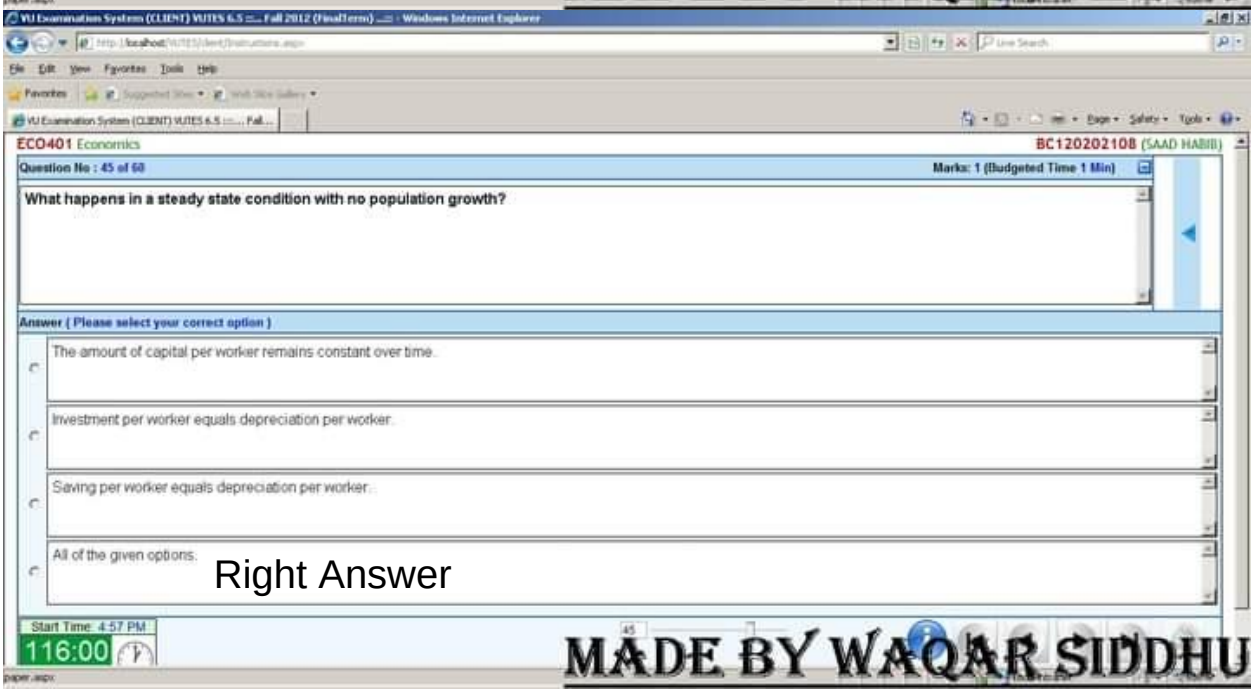

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 40 of 60
Marks: 1 (Budgeted Time 1 Min)
If the government wishes to achieve a fall in unemployment, which of the following policies should it adopt?
Answer (Please select your correct option)
Reduce the real value of income tax free allowances.
Reduce government spending on capital projects.
Raise Value Added Tax (VAT).
Start public job training programs.
Right Answer
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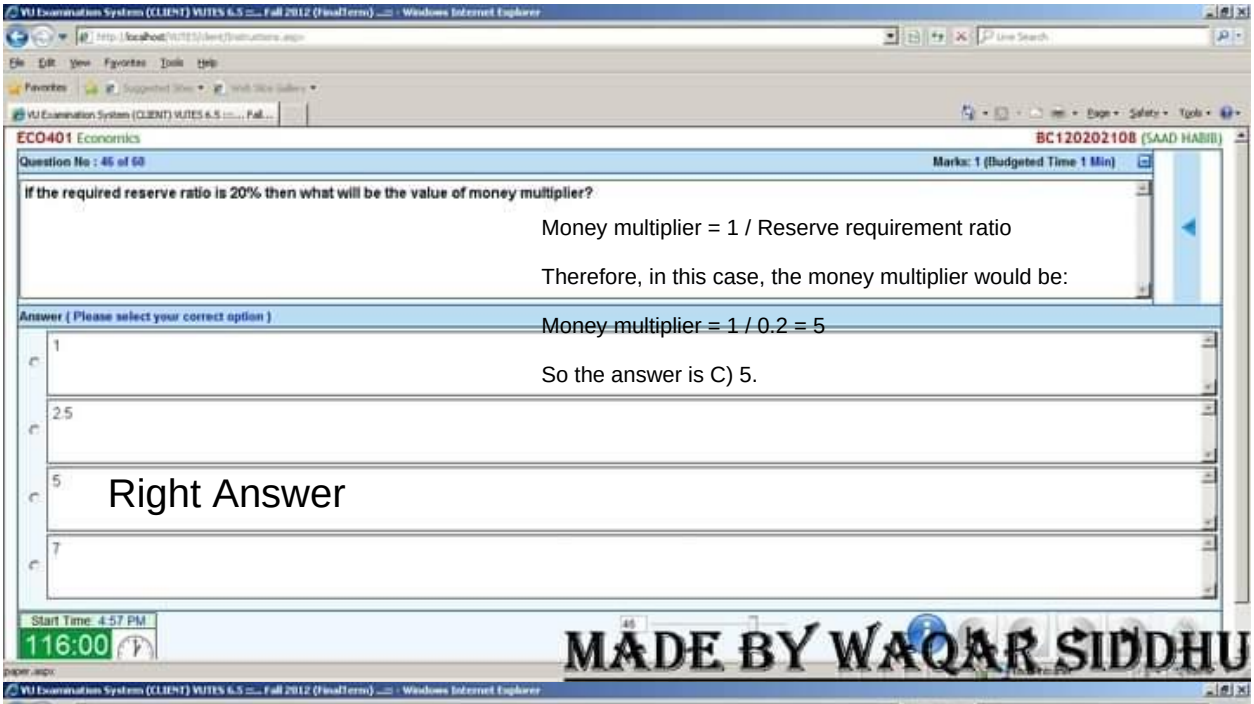

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 41 of 60
Marks: 1 (Budgeted Time 1 Min)
Which of the following is a cost of rising unemployment?
I. Output foregone.
II. Unemployment compensation that must be paid.
III. Rising inflation that erodes the value of money.
Right Answer; I and III
Answer (Please select your correct option)
I, II, and III.
I and II.
I and III.
II and III.
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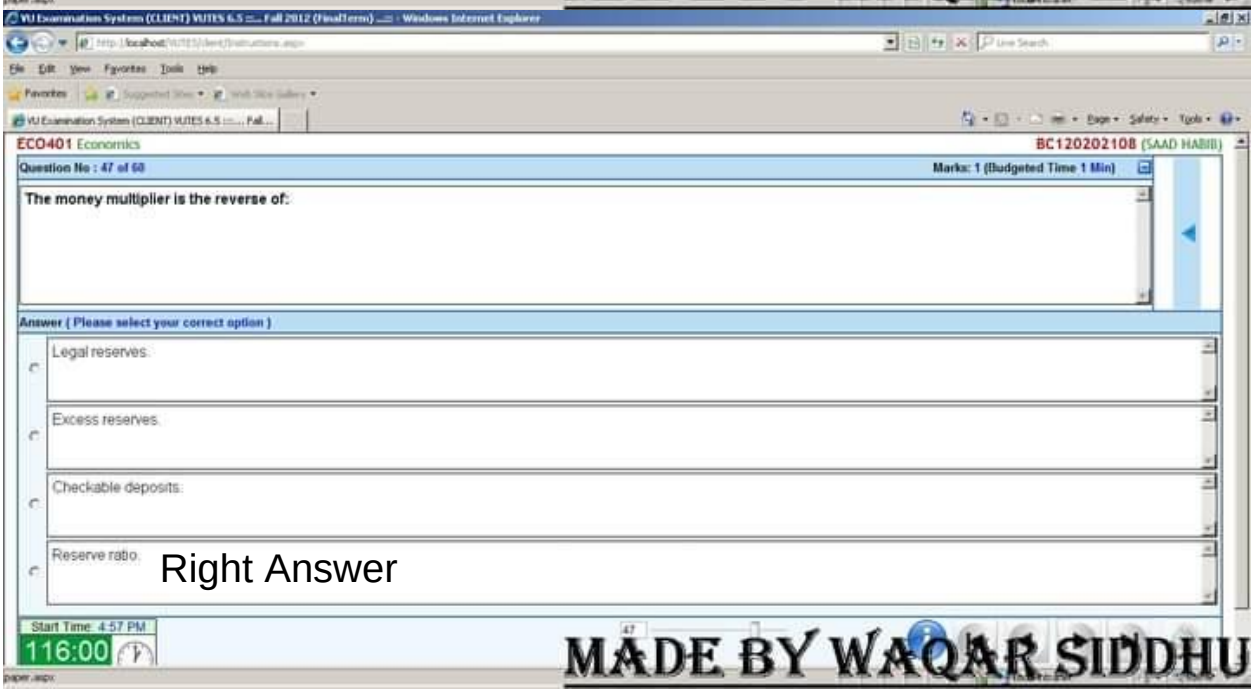

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 42 of 60
Marks: 1 (Budgeted Time 1 Min)
According to the quantity theory of money, which of the following is TRUE for the equation MV = PQ?
Answer (Please select your correct option)
M has no effect on the price level.
V is the number of times each rupee is spent per year.
Q is the real price level.
P rises as V falls, other things constant.
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Right Answer
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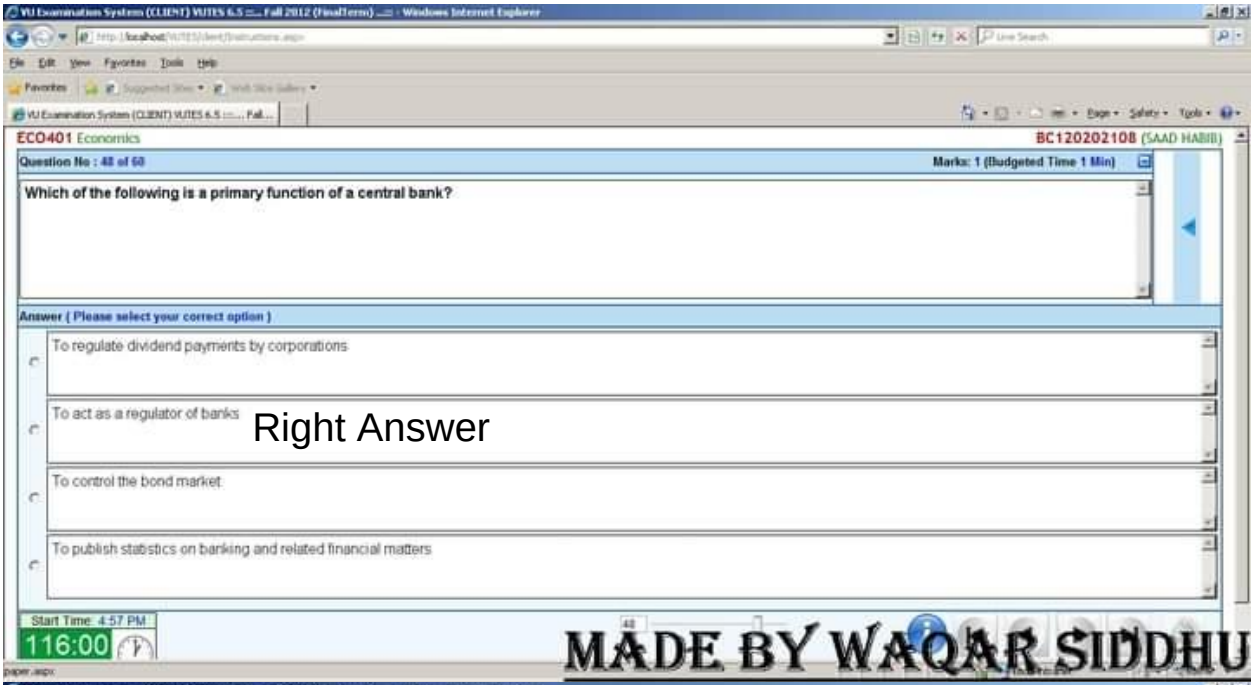

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 43 of 60
Marks: 1 (Budgeted Time 1 Min)
A trade deficit occurs when:
Answer (Please select your correct option)
A country sells more abroad than it purchases from abroad.
Foreign firms open more stores in a country than the country opens in foreign countries.
A country's firms open more stores abroad than foreign firms open in the country.
A country purchases more from abroad than other countries purchase less from this country.
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Right Answer
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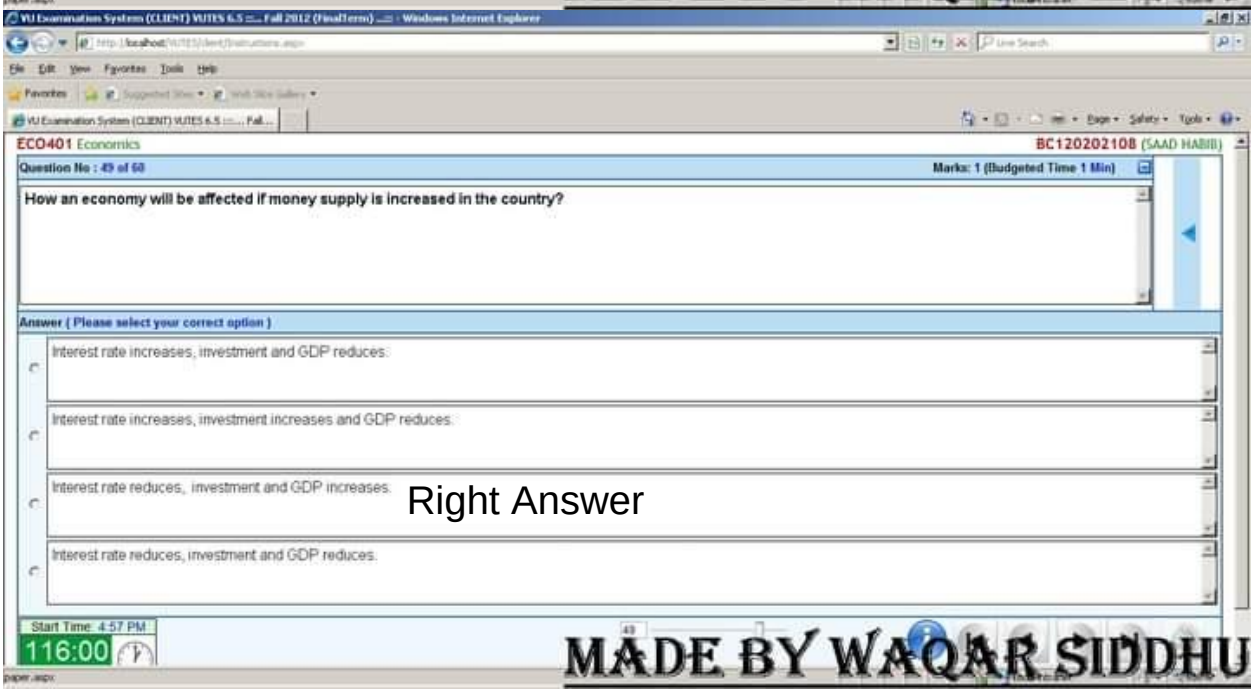

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 44 of 60
Marks: 1 (Budgeted Time 1 Min)
What is TRUE for a poor country?
Answer (Please select your correct option)
The supply of capital is low.
The demand for capital is low.
Both the supply of and demand for capital are low.
Their GDP growth rate is very high.
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Right Answer
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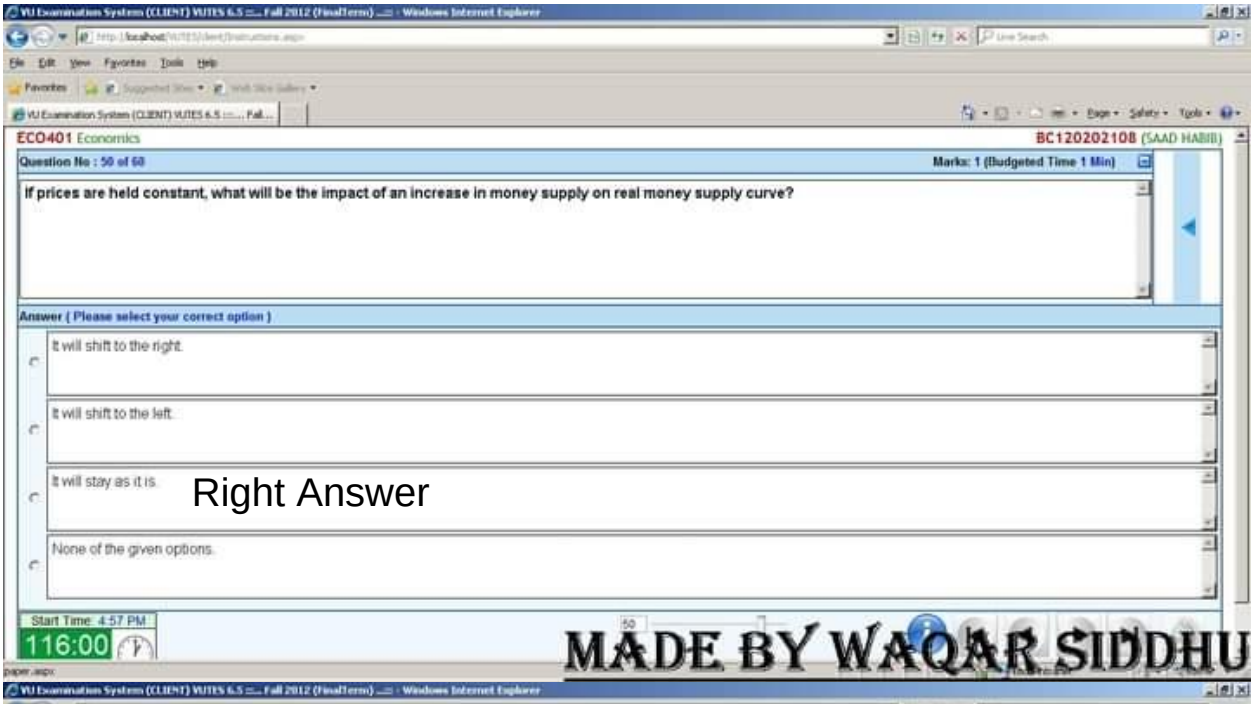

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 45 of 60
Marks: 1 (Budgeted Time 1 Min)
What happens in a steady state condition with no population growth?
Answer (Please select your correct option)
The amount of capital per worker remains constant over time.
Investment per worker equals depreciation per worker.
Saving per worker equals depreciation per worker.
All of the given options.
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Right Answer
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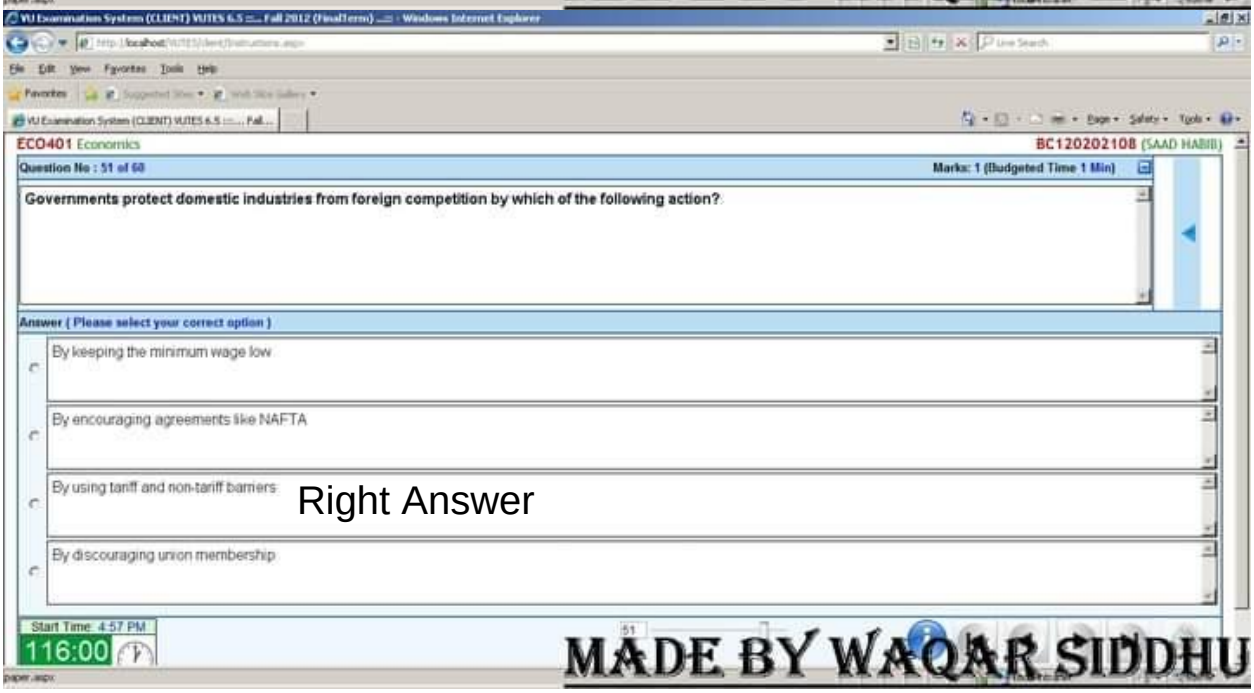

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 46 of 60
Marks: 1 (Budgeted Time 1 Min)
If the required reserve ratio is 20% then what will be the value of money multiplier?
Money multiplier = 1 / Reserve requirement ratio
Therefore, in this case, the money multiplier would be:
Money multiplier = 1 / 0.2 = 5
So the answer is C) 5.
Answer (Please select your correct option)
1
2.5
5
Right Answer
7
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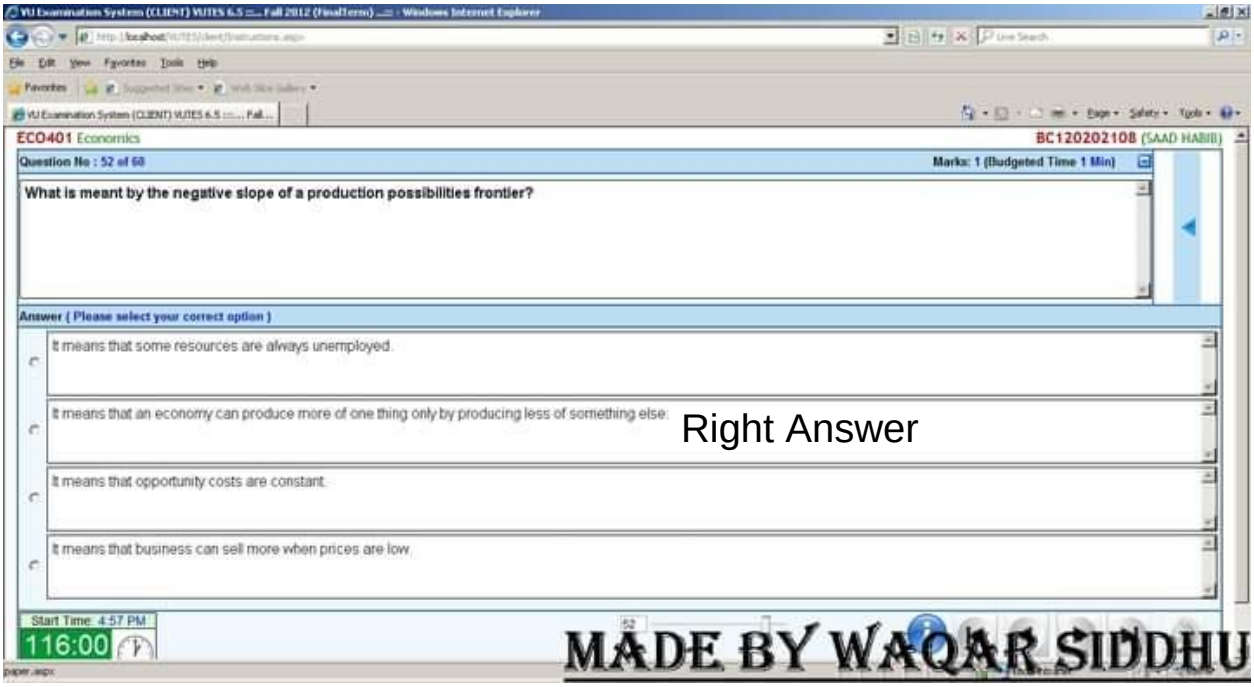

ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 47 of 60
Marks: 1 (Budgeted Time 1 Min)
The money multiplier is the reverse of:
Answer (Please select your correct option)
Legal reserves
Excess reserves
Checkable deposits
Reserve ratio
Right Answer
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 48 of 60
Marks: 1 (Budgeted Time 1 Min)
Which of the following is a primary function of a central bank?
Answer (Please select your correct option)
To regulate dividend payments by corporations
To act as a regulator of banks
Right Answer
To control the bond market
To publish statistics on banking and related financial matters
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 49 of 60
Marks: 1 (Budgeted Time 1 Min)
How an economy will be affected if money supply is increased in the country?
Answer (Please select your correct option)
Interest rate increases, investment and GDP reduces.
Interest rate increases, investment increases and GDP reduces.
Interest rate reduces, investment and GDP increases.
Right Answer
Interest rate reduces, investment and GDP reduces.
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 50 of 60
Marks: 1 (Budgeted Time 1 Min)
If prices are held constant, what will be the impact of an increase in money supply on real money supply curve?
Answer (Please select your correct option)
It will shift to the right.
It will shift to the left.
It will stay as it is.
Right Answer
None of the given options.
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 51 of 60
Marks: 1 (Budgeted Time 1 Min)
Governments protect domestic industries from foreign competition by which of the following action?
Answer (Please select your correct option)
By keeping the minimum wage low
By encouraging agreements like NAFTA
By using tariff and non-tariff barriers
Right Answer
By discouraging union membership
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ECO401 Economics
BC120202108 (SAAD HABIB)
Question No : 52 of 60
Marks: 1 (Budgeted Time 1 Min)
What is meant by the negative slope of a production possibilities frontier?
Answer (Please select your correct option)
It means that some resources are always unemployed.
It means that an economy can produce more of one thing only by producing less of something else.
Right Answer
It means that opportunity costs are constant.
It means that business can sell more when prices are low.
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