

Bahir Dar University
College of business and economics
Department of economics

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Distance and continuing education assignment

Academic year 2016 (2023/2024)

Course title: Development planning and project analysis I Course code: Econ 3132 /A131

Total weight: 40%

Name of Student.....Idno.....

Department:.....Center:.....semester:.....

PART I: write true if the statement is correct and false if the statement is incorrect (1.5 point each)

- 1. Planning enables the community to use resources socially, as against individually under a market system.
- 2. In functional planning, big changes in the socio-economic structure of society are involved.
- 3. Planning requires the unstinted cooperation of the people.
- 4. The planning commission has power to implement or execute the plan.
- 5. In democratic planning, people are associated at every step at the formulation and implementation of the plan.
- 6. Under planning by direction, there is freedom of enterprise, freedom of consumption and production.

Part II: Choose the best answer from the given alternatives (2 points each)

- 1. A mathematical technique for the analysis of optimum decisions subject to certain constraints in the form of linear inequalities is
 - A. Input-output model
 - B. Linear-programming model
 - C. Social accounting matrix
 - D. Two gap model
- 2. In input-output model the distribution of inputs per unit of output is shown by
 - A. Inter-industry transactions matrix
 - B. Direct requirements matrix
 - C. Total input requirements
 - D. Input-output table
- 3. Considering a standard social accounting matrix, the cell at which the rest of the world row account intersects the government's column account best represents;
 - A. Government transfers to the rest of the world.
 - B. Transfers to government from the rest of the world.
 - C. Factor income from the rest of the world.
 - D. Imports



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- 4. If the economy suffers from inflationary pressure the government adopts corrective planning like
- A. Expansionary monetary policy
 - B. Raising tax rate
 - C. Deficit budgetary policy
 - D. Stimulation of consumption
- 5. In a standard macro SAM the intermediate input demand among sectors is located where;
- A. The activities row account intersect the commodities column account
 - B. The commodities row account intersect the households column account
 - C. The commodities row account intersect the government column account
 - D. The commodities row account intersect the activities column account
- 6. The base of classifying planning as structural and functional planning is
- A. Media of planning
 - B. Institutions affected
 - C. Extent of activities covered
 - D. Sphere of implementation and formulation
- 7. The development (evolution) of planning in developing countries took a different path than the rich countries due to all of the following **except**
- A. New leaders (elites) emerged when they got independence with new vision/ideas
 - B. It was top-down planning
 - C. Planning was considered as an ideology rather than a means
 - D. The growth of markets and increased specialization leads adoption of planning
- 8. The formulation and success of a plan require the fulfilment of
- A. Statistical data
 - B. Fixation of targets and priorities
 - C. Economy in Administration
 - D. All
- 9. Under economic considerations, an economic plan is needed due to
- A. Public ownership of resources
 - B. Market deficiencies
 - C. Social character of production and consumption
 - D. Indivisibility of technology
- 10. The task of formulating general objectives of the plan and their definition in quantitative terms is given to
- A. The government
 - B. Planning commission
 - C. The parliament
 - D. Independent body of experts unconnected with formulation and implementation
- 11. Planning can be defined as all **except**
- A. A means to an end being the realization of certain pre-determined and well-defined aims and objectives
 - B. Is a conscious activity
 - C. Sets of activities with deliberate actions and foreseeable outcomes
 - D. None



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Part III: short answer

1. List at least four objectives of economic planning. (2points)

2. List and discuss stages of planning. (2 points)

3. Write at least four importance of planning models. (2 points)

4. Write at least three main features of social accounting matrix (3 points point).



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Bahir Dar University
College of Business and Economics
Department of Economics

Academic Year: 2016(2023/2024)

Semester: VII

Course Title: Financial Economics

Course Code: Econ3121

Total Weight: 40%

Name of Student _____ ID No. _____

Department _____ Center _____ Section _____

Part I: Write true for correct statements and false for incorrect statements (12 points, 1.5 each)

1. Banks are a critical player in the financial system.
2. A company's commercial paper can be acceptable if and only if the company is large and trustworthy.
3. Commercial bank of Ethiopia is the one that regulated all other banks in Ethiopia.
4. Prices for long-term bonds are more volatile than for shorter-term bonds.
5. In a fixed rate mortgage, the borrower is supposed to adjust the interest paid based on the fluctuating economic conditions.
6. Nominal interest rate can reflect the true cost of borrowing.
7. All financial claims have both primary and secondary markets.
8. Direct financing is the transfer of funds from DSUs to SSUs through only financial markets.

Part II- Choose the best answer from the given alternatives and write the letter of your choice before each question number (19.5 Points, 1.5 each)

1. One of the following money market instruments is used by the federal government to obtain funds.
 - A. Commercial paper
 - B. Treasury bill
 - C. Repurchase agreement
 - D. Certificate of deposit



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2. All of the following are the characteristics of over-the counter market; **except**,
- A. It hasn't central trading place
 - B. Investors can execute OTC transactions by telephoning an OTC dealer
 - C. Stocks traded OTC have been those of large and relatively known.
 - D. Investors can execute OTC transactions by using a computer-based electronic trading system
3. _____ is a letter of credit that has been stamped as "accepted" (guaranteed) by another bank.
- A. Treasury bill
 - B. Eurodollars
 - C. Banker's Acceptances
 - D. Repurchase Agreements
4. A debt instrument used to finance the purchase of a home or other form of real estate _____.
- A. Corporate stock
 - B. Corporate bond
 - C. Mortgages
 - D. Federal funds
5. Which one of the following is odd?
- A. Company risk
 - B. Issuer risk
 - C. Price risk
 - D. Dividend risk
6. A bond issued by state and local government to obtain long term fund is _____.
- A. Government security
 - B. Federal Fund
 - C. Municipal fund
 - D. Corporate fund
7. Which one of the following risk of financial market investment is associated with exchange rate fluctuation?
- A. Market risk
 - B. Liquidity risk
 - C. Currency risk
 - D. Country risk
8. Above the equilibrium point between desired lending and desired borrowing level there is;
- A. Surplus of funds
 - B. Deficit of funds
 - C. Competition among borrowers
 - D. Nothing to say
9. The term structure of interest rates shows;
- A. how interest rates vary over time
 - B. the pattern of interest rates over the long-term business cycle



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- C. security yields ranked by default risk structure
 - D. the relationship between maturity and yield for similar securities
10. Forward contracts are;
- A. Standardized contracts
 - B. Traded in an exchange markets
 - C. Traded in an OTC market
 - D. Contracts in which the holder possesses only the right but not the obligation
11. From the four types of capital markets which one is not commonly practiced?
- A. Mortgage market
 - B. Derivative market
 - C. Bond market
 - D. Equity market
12. Which of the following is **not** deposit type financial institution?
- A. A credit union
 - B. A savings and loan association
 - C. A mutual saving banks
 - D. Finance companies
13. All of the following factors increase the real rate of interest **except**
- A. Major breakthrough in technology
 - B. Reduction in corporate tax rate.
 - C. Increase in the productivity of existing capital
 - D. Increase in the money supply

Part-III: Fill in the blank spaces (2 points each)

1. _____ are issued by city housing authorities based on mortgage pools generated under their jurisdiction.
2. The risk that an insurer faces once it has accepted the transfer of risk from insurance purchasers is called _____.

Part V: Write short and precise answer (s) to the following questions (7 points).

1. What is present value analysis? (2.5 pt.)
2. Write the four characteristics of mortgage loans (2 pts.)



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Department of economics
Distance and continuing education assignment
Academic year 2016 (2023/2024)
Course title: International Economics II Course code: Econ 3082

Total weight: 40%

Name of Student.....Idno.....

Department:.....Center:.....semester:.....

PART I: write true if the statement is correct and false if the statement is incorrect (1.5 point each)

- 1. With imperfect capital mobility domestic interest rates can deviate from international interest rates.
- 2. The monetary approach of the balance of payment adjustment suggests that high tariffs on importable and devaluation of a currency are important.
- 3. Balance of payment equilibrium is considered as the desirable external economic state of affairs for any country.
- 4. Less developed countries has the right to get unlimited amount of foreign aid.
- 5. Flexible exchange rate system is of enormous importance to banks and business people there by encouraging foreign trade and investment.
- 6. Under visible trade balance, receipts and payments are not recorded at the port of entry.

Part II: Choose the best answer from the given alternatives (2 points each)

- 1. An increase in the quantity of money with perfect capital mobility:
 - A. Shifts LM curve to the right
 - B. Causes a massive capital inflow
 - C. Reduces foreign interest rate below domestic interest
 - D. Causes a decrease in income
- 2. One of the following is debt transaction in double entry accounting.
 - A. Merchandize export
 - B. Aid received from foreign government
 - C. Gifts to foreign residents
 - D. Income received from investment abroad
- 3. Devaluation will correct balance of payment disequilibrium of devaluing country if:
 - A. Sum of Elasticity of demand for the country's exports and import is greater than unity
 - B. An increase in income, if marginal propensity to absorb is greater than unity
 - C. Foreign countries devalue their currency against the devaluing country
 - D. All



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- 4. In what sense foreign direct investment differ from international borrowing and leading?
- A. Its popular
 - B. Involve transfer of resource
 - C. Require acquisition of control
 - D. Provide large amount
- 5. The current account components of the balance of payment contains all of the following **except**.
- A. Goods
 - B. Unilateral transfers
 - C. Invisible trade
 - D. Private direct investment
- 6. In the foreign exchange market, the ultimate demanders and suppliers of foreign exchange are
- A. Brokers
 - B. Commercial banks
 - C. National banks
 - D. Business firms
- 7. All of the following is advantages of fixed exchange rate regime **except**
- A. Less vulnerable to speculative attacks
 - B. Credibility to fight inflation
 - C. Stable exchange rate
 - D. Leads to more expansion of the economy under fiscal policy
- 8. The major implication of the monetary approach to balance of payment is
- A. In fixed exchange rate regime the authorities have to accept a loss of control over the domestic monetary policy as the price of fixing the exchange rate
 - B. The demand for money is a stable and predictable function of a relatively few variables
 - C. Money market disequilibrium is seen as a crucial factor in provoking balance of payments disequilibrium
 - D. All
- 9. Foreign exchange transaction that involves immediate purchase and sale of foreign currency for cash settlement not more than two business days is
- A. Spot transaction
 - B. Forward transaction
 - C. Swap transaction
 - D. All
- 10. A weighted average of the exchange rates between the domestic currency and the nation's most important trade partners is
- A. Nominal exchange rate
 - B. Effective exchange rate
 - C. Exchange arbitrage
 - D. Forward exchange

Part III: Fill in blank space (2 points each)

1. ----- is the simultaneous purchase and sale of a currency in different foreign exchange markets in order to profit from exchange rate differentials in the two locations.
2. ----- is the international transfer of public funds in the form of loans and grants either directly from one government to another or indirectly through the vehicle of multilateral assistance agents.
3. ----- refers to an increase in the domestic price of the foreign currency.



Part IV: short answer

1. Write at least three advantages of flexible exchange rate.(2 points)

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2. What is speculation? And differentiate between the two types of speculation.(3 points)



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College of Business and Economics

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Academic Year: 2016

Course Title: Development Economics I

Course code: Econ3071

Total weight: 40%

Name of student _____ IDNo: _____

Department: Economics

Semester: V

PART I: TRUE/FALSE ITEMS

Instruction: Write "TRUE" if the statement is correct or "FALSE" if the statement is wrong (2 pts. each).

1. Economic growth has also been viewed as the re-structuring of an economy where the share of agriculture is reduced while manufacturing, services, and industries begin to grow.
2. When growth of income is pursued without any concern of unemployment, poverty and the distribution of income, in later years, growth will be trickled down (Kuznets).
3. Economic growth was defined as a multidimensional process that requires a change in social structures, attitudes of the masses and the national institution.
4. Development is a qualitative increase in the economic, social political and general welfare of the people.
5. The higher the per capita income at PPP of a country the more developed the country is.
6. Per capita income is prime indicator which measures economic performance of a country.
7. Having high per capita income an assurance for countries to have a well-educated and healthy population.
8. Real GDP is the market value of final goods and services produced in a country in a given year valued at current price.
9. Developing countries have high unemployment and low life expectancy compared to developed countries.
10. According to Harrod and Domar growth model, the lower capital output ratio the higher economic growth will be.

PART II: MULTIPLE CHOICES

Instruction: Choose the best alternative among given choices (2 pts. each)

1. An annual income level that marks the dividing line between poor households and those are not poor is,
A. Growth rate
B. Poverty line
C. Purchasing power parity(PPP)
D. Human development index(HDI)



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2. Which of the following is not the concern of development?

- A. What has been happening to poverty?
- B. What has been happening to unemployment?
- C. What has been happening to inequality?
- D. What has been happening to income distribution?
- E. None

3. One of the following is not the core values of development.

- A. Self-esteem
- B. Sustenance
- C. Freedom
- D. Servility

4. -----Stands for the feeling of being a person, worthiness, self-respect, independence and not being used by others.

- A. Self-esteem
- B. Self-sustenance
- C. Freedom
- D. Self-awareness

5. Which of the following is not objective of economic development?

- A. To raise levels of living
- B. Solidarity with future generations
- C. To expand the range of economic and social choices
- D. Preservation of natural resources
- E. None

Part III. Fill the blank space provided (2 PTS each)

1. ----- refers to the market value of all goods and services produced within the country in the give period.
2. -----is determined by dividing national income by the size of the population.
3. ----- refers to the disproportionate distribution of total national income among households.
4. -----is curve showing the proportion of national income earned by a given percentage of the population.
5. ----- is an aggregate numerical measure of income inequality ranging from 0 (perfect equality) to 1 (perfect inequality).



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Bahir Dar University
College of Business and Economics
Department of Economics

Academic Year: 2016(2023/2024)

Semester: V

Course Title: Labor Economics

Course Code: Econ3101

Total Weight: 40%

Name of Student _____ ID No. _____

Department _____ Center _____ Section _____

Part I: Write true for correct statements and false for incorrect statements (12 points, 1.5 each)

1. As far as $VMP_L < W$ and VMP_L has positive slope, the firm will be advised to employ more and more Number of laborers.
2. In business relationship general training shall to be shared by both the employee and employer.
3. Impediments to the movement of labor help to explain persistent earning differences among workers.
4. Elasticity of factor substitution has negative value due to the inverse relationship between wage and demand for labor.
5. Under short run, industry demand curve for labor is the simple horizontal summation of individual firms demand curve.
6. Under monopsony labor market, the firm and industry supply curve are similar.
7. The concavity of wage schooling locus implies that, wage schooling locus has positive slope.
8. When elasticity of factor substitution is one, the share of capital and labor is not affected by w/r ratio.

Part II- Choose the best answer from the given alternatives and write the letter of your choice before each question number (21 points, 1.5 each)

1. A monopoly firm that hires labor from perfectly competitive labor market will hire labor until the marginal physical product equals;
A. W B. W/P C. $W \cdot MR$ D. P



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2. Which one of the following is **not** the advantage of piece rate system?
A. It focuses on high quality of output C. it penalize inefficient worker
B. It is simple & easy to implement D. it provide incentive to efficient worker
3. If the monopolist firm product demand curve is given by; $P=500-8Q$ and short run production function is given by $Q=8L$, then the firms demand for labor at equilibrium can be written as;
A. $W=50-64Q$ B. $W=4000-128Q$ C. $W=400-64Q$ D. $W=400-128Q$
4. Under long run labor demand theory, the firm is in equilibrium when the last birr spent on labor and capital can produce similar output for the producer and it can be illustrated by;
A. $W=VMP_L$ & $r=VMP_K$ C. $MP_L/MP_K=W/r$
B. $P=W/MP_L$ and $P=r/MP_K$ D. $MP_L/W=MP_K/r$
5. When both supply and demand for labor increases, but if the increase in demand is greater than supply;
A. Equilibrium wage increases but employment decrease
B. Equilibrium employment increase but wage decrease
C. Both equilibrium wage and employment increase
D. Both equilibrium wage and employment decrease
6. Labor demand is derived demand as it depends on;
A. The price of resource C. The quality of resource
B. The demand for the output it produces D. The market wage rate
7. Principal agent problem is a problem which exists due to all of the following, except;
A. Opportunistic behavior C. Interest conflict of buyers and sellers
B. Asymmetric information D. Agency cost
8. ____ Serves as a guide and agreement which safeguards the best interest of both the agent and principal;
A. Performance evaluation C. Incentive structure
B. Efficiency wage D. Contract design
9. One of the following is true about human capital investment;
A. When $r > MRR$, an individual advised to learn more



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- B. When $MRR=r$, a worker is indifferent between whether joining labor market or learn more
 - C. A worker who have high r is considered as future oriented individual
 - D. r can't determine Schooling decision
10. All can be a cause for shifting labor supply curve, **except**;
 - A. Change in non- labor income
 - C. Change in market wage rate
 - B. Change in social structure
 - D. Demographic change
 11. When substitution effect dominates income effect, labor supply elasticity becomes;
 - A. Negative
 - C. Perfectly elastic
 - B. Perfectly inelastic
 - D. Positive
 12. One of the following is true, when elasticity of factor substitution is zero;
 - A. It is impossible to substitute factors
 - C. it represent linear production function
 - B. Perfect substitution of factors
 - D. limited substitution of factors
 13. All of the following are true, **Except**;
 - A. AP_L is an output per person
 - C. When $AP_L=MP_L$, MP_L is at its maximum
 - B. When $MP_L > AP_L$, AP_L is rising
 - D. TP reaches maximum at carrying capacity of K.
 14. All but one of the following changes cause the demand for labor curve of a firm to shift;
 - A. Change in MPP of labor
 - C. Technological change
 - B. Fall or rise in wage rate
 - D. The price of final commodity which uses labor

Part III: Write short and precise answer (s) to the following questions (7 points).

1. List and explain at least two peculiar characteristics of labor market, which makes it unique from other markets(2.5 points)
2. Who pays for specific training? Why?(2pt)
3. Suppose an individual worker have \$30 and \$250 and 5 labor income, non-labor income and total time respectively, and if the workers non- labor income increase from \$ 250 to \$300, what will happen on the workers leisure and work hour. Assume leisure is normal good. (3pt)



Bahir University
College of Business and Economics
Department of Economics

11/11/2016

Academic Year: 2016

Course code: Econ-2031

Course Title: Macroeconomics

Total weight: 40%

Name of student _____ **IDNo:** _____

Department: Economics **Center:** _____ **Semester: IV**

I. Write true if the statement is correct and false if it is incorrect(2 pts each)

1. Liquidity trap occurs when consumers choose to make higher-yielding investments instead of hoarding cash.
2. Exogenous variables are those variables that a model tries to explain.
3. Ensuring equitable distribution of income is one of the objectives of macroeconomics
4. The classicals advocate the refrainment of the government from the market.
5. Liquidity trap occurs when consumers choose to hoard cash instead of choosing higher-yielding investments.
6. When foreign income of our citizens is greater than the income of residents who are not citizens our GDP will be greater than GNP.
7. Actual expenditure is the amount that households, firms, and the government would like to spend on goods and services.
8. By Euro depreciation, we mean there is less supply of Euro in the foreign exchange market.
9. The LM curve plots the relationship between the interest rate and the level of income that arises in the goods market.

II. Choose the best answer from the given alternative (2 pts each)

1. As the banking industry become more and more computerized, tellers find themselves with unneeded skill and face the problem unemployment. Such unemployed tellers would be classified as:
A. Frictional unemployed C. Structural unemployed
B. Naturally unemployed D. Cyclical unemployed
2. Which of the following is **not** a concern of macroeconomics?
A. Economic growth C. General price level
B. Distribution of income D. Macroeconomic policies E. None
3. All of the following can't be defined in GDP **except**,
A. Non-market production C. Allocation of total output E. None
B. The value of leisure D. Illegal economic activities



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4. Suppose Alemayehu used to work as an autoworker, and due to the decline of Ethiopia's auto industry, He is now unemployed and thinking about retraining as a bicycle assembler. What type of unemployment is he experiencing?
- A. Frictional unemployment C. Structural unemployment
B. Cyclical unemployment D. Natural unemployment
5. Which of the following is **not** among the requirements for a person to be called unemployed?
- A. A person should be in the labor force E. None
B. A person should be Available for work
C. A person should be actively looking for work
D. A person should be out of job
6. In a given country When $NX > 0$,
- A. The country is net borrowers in the world financial market
B. The country is net lender in the world financial market
C. The countries national saving is higher than investment
D. B & C
7. Any expansionary monetary policy at home makes trade balance;
- A. Positive C. Negative
B. Indeterminate D. None
8. If the Ethiopian government intervene and devalue its currency birr, the result will be,
- A. Decrease Ethiopian export demand C. Strengthen purchasing power of birr.
B. Increase Ethiopian in export D. Increase Ethiopian import demand.
demand.
9. In the business cycle, while output gap increase during _____, it decrease during _____.
- A. Recovery , expansion respectively C. Recession , depression respectively
B. Expansion, recession respectively D. Recession , expansion respectively
10. In the estimation of Gross National Product, double counting would arise in
- A. Real GDP approach. C. Value added/ product approach
B. Expenditure approach. D. Income approach.

PART III: Short answer Question(write only your answer)

1. Mention at least four costs of inflation?(1 pt)
2. ----- Is a curve shows an inverse relationship between inflation and unemployment(1pt)



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Department of Economics

Academic Year: 2016 (2024)
Course Title: Microeconomics
Total weight: 40%

Semester II
Course code: Econ2021

Name of student: _____ **ID No:** _____
Department: _____ **Center:** _____ **Semester:** _____

Part (I) Write true if the statement is correct and false if it is incorrect (1.5 point each)

1. In the short run, (Average variable cost (AVC), Average cost (AC), average fixed cost (AFC) marginal cost (MC) curves are all U-shaped due to the law of diminishing returns.
2. If the consumer thinks that X is at least as good as Y and that Y is at least as good as X, then he/she must be indifferent between the two bundles of goods and this preference shows us weak preferences.
3. The basics of the cardinal utility approach is associated with the idea that utility is rank able in the consumption of successive units of a commodity.
4. The only option of firms to change the short run level of output is by changing the fixed factor, keeping other things remain constant.
5. Certainly, there is specified time duration to decide a given production period is supposed to be short run or long run.
6. Assume that the utility that two individuals derive from consuming the different level of a product may not be the same, then this is the subjectivity principle of consumer theory.

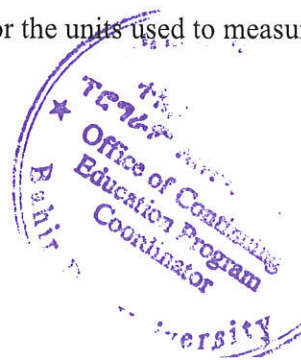
PART (II) Choose the best answer from the given alternatives, (1.5 point each).

1. In a situation when the consumer consumes two goods, good X and Y, assume that the slope of indifference curve (i.e. MRS_{xy}) is less than the slope of budget line (i.e. $\frac{P_x}{P_y}$), then the consumer would react by:
A) Consuming more of both Commodity-X and Y.
B) Increasing the consumption of Commodity-Y, but decreasing the consumption of Commodity-X.



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- C) Increasing the consumption of Commodity-X, but decreasing the consumption of Commodity-Y.
- D) Consuming less of both Commodity-X and Y.
2. With fixed costs of Birr 2000, a firm has average total costs of Birr10 and average variable costs of Birr 5. Its output is:
- A) 200 units. B) 400 units. C) 800 units. D) 1,600 units.
3. The law of diminishing returns states that:
- A) As a firm uses more of a variable resource, given the quantity of fixed resources, the average product of the variable input will increase.
- B) As a firm uses more of a variable resource, given the quantity of fixed resources, marginal product of the variable input will eventually decrease.
- C) In the short run, the average total costs of the firm will eventually diminish.
- D) In the short run, the average total costs of the firm will eventually increase.
4. Which situation is consistent with the law of diminishing marginal utility?
- A) The more coffee that consumer drinks, the more he/she enjoys another cup of coffee.
- B) The more coffee that consumer drinks, the less he enjoys cup of coffee.
- C) The consumer's marginal utility from drinking coffee becomes positive.
- D) The consumer's marginal utility of drinking coffee reaches a maximum when total utility is zero.
5. In the market for cotton, which of the following best describes the effect of an improvement in technology of producer's cotton, if the price elasticity of demand is 0 and the price elasticity of supply is 2?
- A) Equilibrium price increases, equilibrium quantity increases
- B) Equilibrium price increases, change in equilibrium quantity indeterminate
- C) Equilibrium price decreases, equilibrium quantity unchanged.
- D) Equilibrium price increases, equilibrium quantity unchanged.
6. The elasticity of demand might depend on:
- A) The units used to measure price/income but not the units used to measure quantity.
- B) The units used to measure price /income and the units used to measure quantity.
- C) The units used to measure quantity but not the units used to measure price/income.
- D) Neither the units used to measure price /income nor the units used to measure quantity.



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7. Demand is perfectly elastic this results:
- A) Shifts of the supply curve results no change in both equilibrium price and quantity.
 - B) Shifts in the supply curve results in no change in price.
 - C) Shifts of the supply curve results in no change in quantity demanded.
 - D) Shifts of the supply curve results increase in both equilibrium price and quantity.
8. Suppose a consumer has Birr 2000 to spend on two goods, X and Y. If the price of X is 50 per unit and the price of Y is birr 20 per unit, which of the following combinations is affordable on the budget line to the consumer?
- A) 0 unit of commodity X and 80 units of commodity Y.
 - B) 25 unit of commodity X and 10 units of commodity Y.
 - C) 20 unit of commodity X and 50 units of commodity Y.
 - D) 20 unit of commodity X and 40 units of commodity Y.
9. Moving along well-behaved indifference curve the:
- A) Consumer prefers some of the consumption points to others.
 - B) Marginal rate of substitution for a good increase as more of the good is consumed.
 - C) Marginal rate of substitution is constant.
 - D) Consumer does not prefer one consumption point to another.
10. The marginal rate of substitution of one good for another is measured by moving
- A) Among different indifference curves.
 - B) Among different budget lines.
 - C) Along a budget line.
 - D) Along an indifference curve.
11. When average product of the variable input is highest, then:
- A) Total product of the variable input is maximum.
 - B) Marginal product of the variable input is maximum.
 - C) Marginal product of the variable input is zero.
 - D) Marginal product is equal to average product of the variable input.
12. Which of the following statements is **true**, keeping demand remain constant?
- A) When the supply increases, both the price and the quantity will increase
 - B) When the supply increases the supply curve shifts towards the left
 - C) A shift in the supply curve towards the right results in a fall in the price.
 - D) A decrease in the price leads a decrease in quantity supplied results in the shift of the supply curve towards the left.



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13. Imagine that the market of coffee is in an equilibrium condition, however, both the supply and demand side of the market automatically shifts to the upward direction simultaneously resulting from a change in the determinants. Therefore, the resultant increment of the equilibrium price is associated with?
- A) an increase in the demand side of the market out-weights that of the supply.
 - B) an increase in the supply side of the market out weights that of the demand.
 - C) an increase in the demand side of the market is equivalent to that of the supply.
 - D) The demand and supply side of the market will never be in equilibrium.
14. The basics of normal profit in economics refers to?
- A. The condition at which total revenue equal to total cost.
 - B. It represents the idea that the firm earns economic profit.
 - C. It is mostly a long run phenomenon.
 - D. It implies the firm earns positive profit.
15. The profit maximizing level of output in a given perfect competitive market is associated with?
- A. It is the point at which average variable cost equals the market price.
 - B. It is the point at which marginal cost equals marginal revenue.
 - C. It is the point at which total revenue equals to total fixed cost.
 - D. All of the above.
16. A market structure where there exists mutual interdependence among the firms is;
- A. Monopoly
 - B. Oligopoly
 - C. perfect competition
 - D. Monopolistic competition

Part (III) Give the short answer for the following questions

1. What is the difference between monopoly and perfect competitive market structure? (3 pt)
2. Describe the following terms (4 pt)
 - Game
 - Strategy
 - player
 - payoff and payoff matrix



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Answer sheet

Bahir Dar University
College of Business and Economics
Department of Economics

Academic Year: 2016 (2024/25)

Semester II

Course Title: Microeconomics

Course code: Econ2021

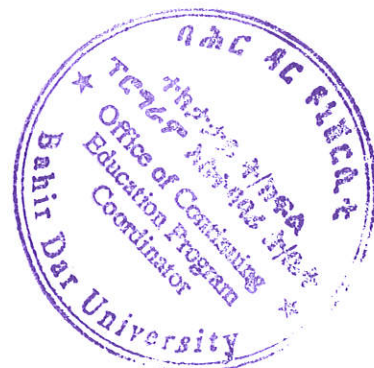
Total weight: 40%

Name of student: _____ ID No: _____

Department: _____ Center: _____ Semester: _____

<u>Part: I</u>	1. _____	2. _____	3. _____	4. _____
	5. _____	6. _____		
<u>Part: II</u>	1. _____	2. _____	3. _____	4. _____
	5. _____	6. _____	7. _____	8. _____
	9. _____	10. _____	11. _____	12. _____
	13. _____	14. _____	15. _____	16. _____
<u>For instructor use only:</u>		<u>Part : I</u> _____	<u>Part: II</u> _____	<u>Part: III</u> _____

Part: III



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Bahir Dar University
College of Business and Economics
Department of Economics

Academic Year: 2016(2024)

Semester: VII

Course Title: Economics of Agriculture

Course Code: Econ 4111

Total Weight: 40%

Name of Student _____ ID No. _____

Department _____ Center _____ Section _____

Part I: Write true for correct statements and false for incorrect statements (12 points, 1.5 each)

1. With the existence of disguised unemployment, the transfer of labor from agricultural to industrial sector cannot reduce aggregate agricultural output.
2. Developing countries have given priority for agro-based industries, at the later stages of their economic development.
3. In short run production period, the MPP curve of the variable input passes through the maximum point of the APP curve.
4. In factor- factor relationship, the rate of substitution is zero for complementary factors.
5. Economic Optimum profit will be attained where the value of the marginal product of the variable input is equated to its price
6. Marketing of Agricultural goods is more complicated than the Marketing of other Non-agricultural Goods.
7. Unless a worker is unemployed during the peak season, output is likely to decline, if he/she permanently leaves the agricultural sector.
8. Inelastic demand and supply for agricultural product taken together lead to greater price instability in agriculture as compared with industry.



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Part II- Choose the best answer from the given alternatives and write the letter of your choice before each question number (21 Points, 1.5 each)

1. Which one of the following is **not** the scope of agricultural Economics?
 - A. Relationship of activity between the different means employed in production
 - B. Relationship of Firms and their interaction with the market
 - C. Relationship of value between the means employed in production and the product itself
 - D. Commercial relation with the people to whom farmers sell their product
2. Which one of the following is **not** the danger of capital transfer from agricultural to non-agricultural sector through government indirect intervention?
 - A. The wide scope for corruption
 - B. Creation of rural-urban income inequality
 - C. Creation of infant industry which requires protection
 - D. Stagnation or decline in agricultural market surplus
3. Which one of the following is **not** the constraint of agricultural transfer?
 - A. The presence and size of redundant agricultural labor
 - B. The quality of rural migrants as a potential industrial worker
 - C. An existence of agricultural labor who have zero marginal productivity
 - D. The supply of non- labor inputs that are complementary to industrial labor
4. In agricultural sector, there is no difference between current production and available stock of the commodity. It implies that;
 - A. Price elasticity demand of agricultural product are low
 - B. Seasonal nature of turnover of agricultural production
 - C. Many of agricultural products are perishable in nature
 - D. Nature plays an important role in agricultural production
5. All of the following are alternative policy implications to overcome natural hazard problem in agricultural sector, **Except**;
 - A. Irrigation
 - B. Marketing information
 - C. resistant varieties
 - D. Crop insurance
6. One of the following is **not true** about Economic optimum level of resource use;
 - A. When $MVP_x = P_x$, there is an incentive to alter production plan
 - B. Efficient level of variable input depends on the price of input & price of output

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- C. When $MVP_x > P_x$, additional inputs yield more to the producer than it would cost
 D. When $MVP_x < P_x$, the last input employed contributes less to revenue than it added to cost
7. One of the following is **Can't** be the problems of agricultural credit;
 A. Non-institutional credit C. lack of securities
 B. Revolution in agricultural sector D. Complicated procedure
8. According to Williamson, which one of the following is **not** the determinants of transaction cost;
 A. Frequency C. Limited rationality
 B. perfect information D. Opportunistic behavior
9. The final Stage under farm planning and budgeting is;
 A. Diagnosis of handicaps C. Making Farm plan and Budget
 B. Preliminary survey of local farm conditions D. None
10. Self sustained financial system requires an interest rate on loans sufficient to cover the following components, **Except**;
 A. The average cost of making transactions C. The interest rate paid to savers
 B. Risk margin to cover the probability of default. D. The interest to cover the collateral
11. One of the following concerns of farm planning and budgeting is **not** common in Ethiopia;
 A. Rule of comparative Advantage C. Proper combination of production factors
 B. Forward looking approach D. Proper combination of farm enterprises
12. All but one of the following phenomena of uncertainty in farm decision making can result in;
 A. narrowing social differentiation C. sub-optimum economic decision
 B. using various farm systems D. unwillingness to adopt innovation
13. _____ describe the intended purpose of loan under which the credit being granted.
 A. Collateral B. Character C. Condition D. Capacity to repay
14. All of the following are the importance non- institutional sources of finance. **Except**;



- A. Information about borrowers personality
- B. Require little security for advancing loans
- C. Extracting monopoly profit
- D. Easily accessible at all times

Part III: Write short and precise answer (s) to the following questions (7 points)

1. Explain the basic difference between Physical and economic relationship of agricultural production.(2.5 points)
2. Differentiate pricing efficiency and technical efficiency. (2.5 points)
3. Explain the roles of industry for agricultural sector development. (2 points)

