Tsinseta Lemariam Senior Secondary School Economics Questions for Grade-10 on Chapter-2 13/03/2017 E.C

NB: You should take this question paper by coping it and answer those questions to help for your Mid and Final exam tests.

PART I: Say "True" If the statement is Correct or "False" If the statement is Incorrect.

1.A price ceiling set below the equilibrium price causes a surplus.

2.Cross-Price Elasticity of Demand - Measures the responsiveness of the demand for a good to a change in the price of another good.

2.Consumer Surplus - The amount that consumers benefit by being able to purchase a product for a price that is less than the most that they would be willing to pay.

3.Competitive Market - An economic environment where those selling and those buying exchange goods and services at a price controlled by that market.

3.A complementary good, in contrast to a substitute good, is a good with a negative cross elasticity of demand. This means a good's demand is increased when the price of another good is decreased.

4.Complement Good - Goods that, "go together." Such as, mobile and Sim-card.

5.Inferior Good - A good that increases in demand when consumer income rises.

6.Law of Demand - The tendency of suppliers to offer more of a good at a higher price.

7. If the quantity demanded of a good is sensitive to a change in the price of that good, demand is said to be price inelastic.

8. The price elasticity of demand is defined as the percentage change in the price of that good divided by the percentage change in quantity demanded of that good.

9. demand is the summation of willingness to buy and ability to produce.

10. individual and market demands have exactly the same concept.

Part II. Match from "B" to "A"

"A"	**"B"**
1. demand schedule	A. goods that can be used together
2. function of demand curve	B. goods that can be used in place of each other
3. demand curve	C. when quantity demanded > quantity supplied
4. function of supply curve	D. tabular representation of demand
5. linking of potential sellers with potential buyers	E. when quantity demanded < quantity supplied
6. substitute goods	F. graphical representation of demand
7. complementary goods	G. market clearing(equilibrium price)
8. excess supply(surplus)	H. has negative slope or down ward
9. excess demand(shortage)	I. has positive slope or up ward
10. price level at equilibrium point	J. market

Part III. Choose the best answer from the given alternatives.

1. In general, a flatter demand curve is more likely to be

A. price elastic. B. unit price elastic C. price inelastic. D. none

2. Which of the following would cause a demand curve for a good to be price inelastic?

A. The good is a luxury. B. There are a great number of substitutes for the good.

C. The good is a necessity. D. None of these answers.

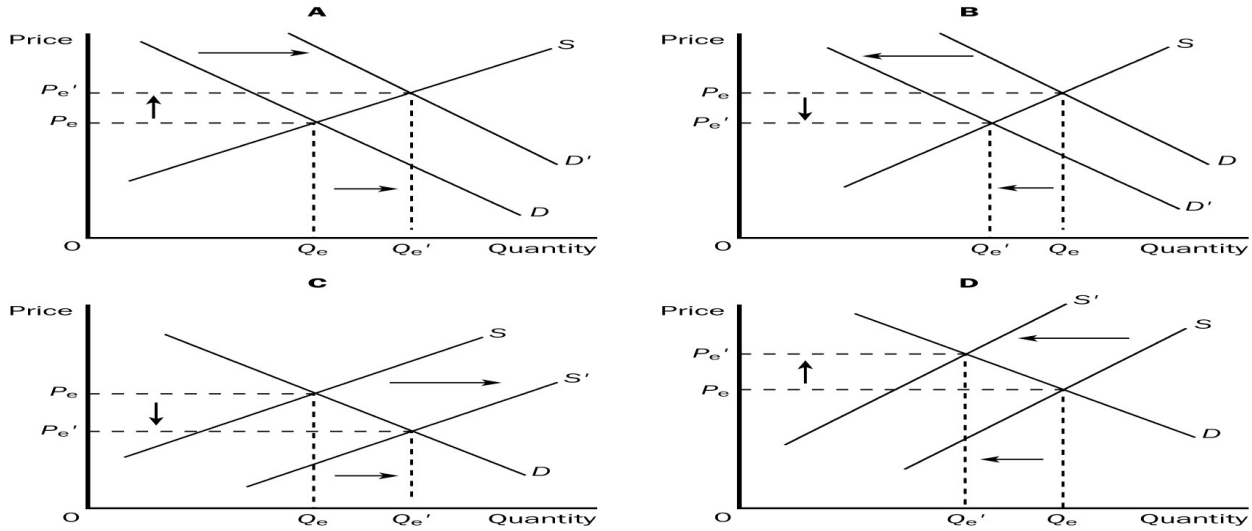
3. If a supply curve for a good is price elastic, then

A. the quantity supplied is sensitive to changes in the price of that good.

B. the quantity demanded is insensitive to changes in the price of that good.

C. the quantity demanded is sensitive to changes in the price of that good.
D. the quantity supplied is insensitive to changes in the price of that good.
E. none of these answers.
4. If an increase in the price of a good has no impact on the total revenue in that market, demand must be.
A. price inelastic B. unit price elastic C. price elastic D. all
5. If supply is price inelastic, the value of the price elasticity of supply must be
A. infinite. B. zero C. less than 1 D. greater than 1 E. none
6. If there is excess capacity in a production facility, it is likely that the firm's supply curve is:
A. price inelastic B. unit price elastic. C. price elastic D. none of these answers.
7.Which of the following would not be a determinant or factor of demand?
A. The price of related goods B. Income
C. Tastes D. The prices of the inputs used to produce the good

8. Suppose that a decrease in the price of X results in less of good Y sold (decreasing in supply). This would mean that X and Y are A. Complementary goods B. Normal goods
C. Inferior goods D. Substitute goods.
9.Two goods are complements if a decrease in the price of one good
A. Increases the quantity demanded of the other good.
B. Reduces the demand for the other good.
C. Reduces the quantity demanded of the other good.
D. none
10. people's tastes and demand are
A. Beyond the realm of economics B. Negatively related C. Not related D. Positively related
11. A person's expectations about the future'price:
A. Cannot affect demand because expectations change. C. Can affect current demand.
B. Can affect future demand. D. Cannot shift a demand curve
12. If a decrease in income increases the demand for a good, then the good is
A. A substitute good. B. A complement good. C. A normal good. D. An inferior good.
13. What will happen in the banana's market if buyers are expecting higher prices in the near future?
A. The demand for banana will increase currently B. The demand for banana will decrease currently C. The demand for banana will be unaffected at all D. The supply of banana will increase currently
14.A demand curve illustrates the: A. Trade off between inflation and unemployment. B. Positive relationship between price and quantity demanded. C. Negative relationship between price and quantity demanded. D. All
15 .The positive relationship between price and quantity supplied is called:
A. A market B. A change in supply C. The demand curve D. The law of supply
16. If the number of sellers in a market increases, which of the following must true?
A. Demand in that market will increase. B. Supply in that market will increase.
C. Supply in that market will decrease. D. Demand in that market will decrease
Instruction: Answer the questions(17,18,19,20) based on the following graph.



17. Graph "A" shows which of the following? A. an increase in demand B. an increase in quantity demanded C. an increase in quantity supplied D.(a) and (c)

18. Graph "C" shows which of the following? A. an increase in demand B. an increase in quantity demanded C. an increase in supply D. b and c

19.Which of the four graphs shown illustrates an increase in quantity supplied?

A. A B. B C. C D. D

20.Which of the four graphs shown illustrates a decrease in quantity demanded?

a. A. b. B. c. C. d. D.

21. If demand is price elastic, then: A. A rise in price will raise total revenue B. A fall in price will raise total revenue. C. A fall in price will lower the quantity demanded. D. A rise in price won't have any effect on total revenues.

22. If the cross-price elasticity between two commodities is 1.5,

A. The two goods are luxury goods B. The two goods are complements.

C. The two goods are substitutes. D. The two goods are normal goods.

23.What indicates the negative coefficient (-b) in the demand function of Q_d =a-bp?

A. The direct relation ship between quantity demanded and price of a commodity

B. The inverse relation ship between quantity demanded and price of a commodity

C. The negative slope of demand function D. The curve is downward E.all except A

Part IV. Solve the following questions with correct steps

1. if the individual demand equation of banana is given by Q_I=20-2P and if the numbers of identical buyers(demanders) of banana in KG are 10, answer the following questions.

I. derive the market demand equation of banana. II. what is the total quantity demanded in the market when a price is Birr 5 per KG?

2. suppose there are 50 numbers of sellers of oil(in Liters) in a market and the sellers have identical (competitive market) of supply curve of the supply question (Q_s)=8+10P. **I. derive the market supply equation II. what is the total quantity supplied in the market when a price is Birr 20 per Litre?**

3. if the market demand function and market supply function of orange are given by Q_d =70-6p and Q_s=10+4p respectively then **I. what is market clearing(equilibrium) price in Birr/KG? II. how much is the corresponding equilibrium quantity in KG?**