The 1002 worksheets and 100 formulas prepared for University entrance students of Economics and General Business education for grade 11 and 12, 2012 E.C.

Multiple Choose Item Only

1. Which of the following is an abstraction of the real world?
   A. Area B. Earth C. Model D. Sky
2. The origin of the world economy is from _____.
   A. England B. Greek C. India D. Germany
3. The central problem of Macroeconomics can be:-
   A. determining income B. employment C. theory of income D. all
4. One of the following is the method of studying economics principles?
   A. inductive B. deductive C. demand D. A and B
5. The following are the two major branches of economics?
   A. inductive and deductive B. Oikos and Nomos
   C. Marco and Micro D. none
6. The method of studying economics principles that reason from complex to specific is said be? A. inductive B. Deductive C. enlargement D. all
7. One of the following is shortage of economic resources?
   A. wealth B. welfare C. scarcity D. induction
8. The amount of Scarce resources that is un used by given solution is known as:- A. Slack B. Scale C. Sale D. Stock
9. The price of Medical care categorized under?
   A. Macroeconomics B. Botany C. Microeconomics D. All
10. Oikonomia means:- A. managing Money B. managing business C. managing employ D. house hold
11. A branches of economics that concerned with the study of national output is called:- A. Micro B. Macro C. Supply D. Demand
12. One of the following is area of definition of economics:-
    A. Scarcity B. Welfare C. Wealth D. All
13. Of the following philosophy one is the father of economics:-
    A. George B. Dalten C. Ghant D. Adam Smith

14. A state of balance in economics is said to be:-
    A. balance of payment B. equilibrium C. imbalance D. all
15. An economic generalizations and economic principles are called:- A. economic shares B. economic problems C. economic laws D. all of the above
16. The reward for land is:- A. wage B. rent C. salary D. interest
17. A situation in which the quantity of demand is greater than the quantity supplied is known as:- A. Shortage B. Slack C. Scarce D. Surplus
18. The reward entrepreneurship is:- A. interest B. profit C. rent D. salary
19. One of the following is an economic system in the world.
    A. capitalist B. command C. mixed D. all
20. The reward for labor is said to be:-
    A. wage B. rent C. salary D. profit E. A and C
21. Taking production risks and business creation is said to be:-
    A. mercantilism B. socialism C. leadership D. Entrepreneurship
22. Ceteris pribus means: A. all things being equal B. no things being equal
    C. other things being equal D. going by bus
23. A market price greater than equilibrium is called:-
    A. surplus B. price ceiling C. price floor D. shortage
24. An official order, restriction or bans on owners of any illegal industry not to produce commodity is said to be:
    A. Elasticity B. economic embargo C. production D. distribution
25. Of the following one is a sector of the three sector model of circular flow of an economy? A. government B. household C. firms D. all
26. Which one of the following is the main factors of production that owned by households? A. land B. labor C. capital& entrepreneurship D. all
27. One of the following is not an important activity of an economy?
    A. production B. exchange C. consumption D. none
28. A pictorial representation of the continuousus flow of payments and receipts for goods and services is known as:-
    A. income B. capital C. circular flow D. business

29. Which one of the following countries adopted with mixed economy in polar economic system? A. Sweden B. Denmark C. Switzerland D. all
30. One of the following is main features of mixed economy?
    A. economic planning B. economic equality C. price mechanism
    D. co-existence of public and private sectors E. all
31. One is not the merits of command economy? A. Best utilization of resources B. Elimination of private monopolies and inequities C. Smooth working of economy D. government strong role E. balanced economic growth
32. Command economy is known as? A. capitalistic economy B. monopolistic economy C. socialistic economy D. A and B
33. After the WWII, which country become the members of socialism?
    A. china and Vietnam B. East Germany and Poland
    C. Hungry and Cuba D. all of the above involved
34. One of the following is the oldest formal economic system in the world?
    A. oligopoly B. Monopoly C. Capitalism D. Socialism
35. The basic economic question is:-A. what to produce? B. how to produce? C. for whom to produce? D. all
36. The question says `how to produce` indicates that? A. allocation of resources B. choice of techniques C. problems of distribution D. none
37. The legal and institutional frame work with in which economic activities take place is known as: A. an economic system B. an economic embargo C. an economic restriction D. all
38. The sum total of all goods and services produced in an economy during a particular period is said to be: A. International product B. Domestic product C. National product D. National income
39. The mechanism by which potential buyers and sellers make transaction to commodity is called: A. export B. import C. slack D. market
40. A measure of responsiveness of one variable to all other is known as:
    A. Demand B. Supply C. Elasticity D. Price
41. One of the following is an important tool of modern economics for explaining and interpreting basic economic problems: -
    A. PPP B. PPC C. PPD D. all

42. A category of economic resources which is helpful in production of goods and services and all mental and physical is called:-
    A. capital B. land C. Entrepreneurship D. labor
43. A classification of economic resources that includes all natural wealth like rivers, soil, forests, mines and deserts is said to be:-
    A. labor B. capital C. land D. environment
44. All man-made goods that are used for the further production of wealth is known as: A. land B. goods C. capital D. labor E. all
45. One of the following not free-resources?
    A. Air B. sunshine C. buildings D. mountain
46. All are economic resources expect: A. land B. sunshine C. machinery
    D. buildings E. A and B
47. Which of the following built for purpose of analysis and prediction?
A. economic rule B. economic model C. economic growth D. none
48. One of the following is not an element of economic model?
    A. schedule B. graph C. function D. none
49. The recent past branches of economics can be:- A. development economics
    B. welfare economics C. environmental economics D. all of the above
50. A technique of way of doing or achieving something is known as:
    A. Science B. Art C. Both D. all
51. The amount or commodity which an individual buyer is willing and able to buy at a given price and during a given period of time is said to be:-
    A. supply B. demand C. elasticity D. theory
52. Which of the following is factors that determine supply of commodity?
    A. price of commodity B. changes in factor price C. price of related goods and objectives of the firm D. state of technology and others E. all
53. The balance between opposite forces of demand and supply is known as:-
    A. price equilibrium B. market quantity C. market equilibrium D. curve
54. The situation of government comes forward and fixes the maximum price for the commodity and that may cause shortage is said to be:-
    A. price support B. price floor C. price ceiling D. A and B

55. One of the following is a kind of demand elasticity:-
    A. price B. income C. cross D. schedule E. all but D
56. A responsiveness of the demand for a commodity to the changed in the prices of its related goods is called: A. cross elasticity of demand
    B. price elasticity of demand C. arc elasticity of demand D. none
57. The process in which government protect the interests of farmers or producers, that may cause surplus is said to be:
    A. price support B. price floor C. price celling D. A and B
58. An economic analysis that concerns of what should be and it involves value judgments is called: A. positive B. normative
    C. economics as an art D. B and C E. all
59. Which of the following deals with economics as a science, facts and analysis of the benefits of economics polices to society? A. Positive economics B. Normative economics C. Nature of normative D. all
60. The philosophy who emphasized that economic should be treated as appositive science only was: - A. professor Pigou B. Robbins
    C. Adam smith D. Chamberlin
61. Which of the following is not the characteristic of entrepreneur?
    A. far sightedness B. encourage and experience C. knowledge of business
    D. moral quality E. all
62. The law of demand states that:- A. consumer purchase less in higher price
    B. consumer purchase more commodity in lower prices
    C. no change D. A and B
63. An economists expectation who violates the law of demand was:-
    A. gotten of goods B. prestige goods C. necessity goods D. all
64. One of the following is the reason for inverse relationship between price and demand curve slops down words? A. Low of diminishing marginal utility B. Income effect and different uses of commodity C. Substitution effect D. Change in number of consumer E. All of the above
65. Which types of goods are used to gather?
    A. Substitution B. complementary C. prestige D. gotten

66. One of the following is not an example of substitute goods:
A. tea-coffee B. pen-pencil C. butter-oil D. car-petrol and pen-ink
67. The movement of demand curve down ward and up award respectively is called? A. extension/contraction B. contraction/extension
C. substitution/contraction D. unknown action
68. The total value of a commodity produced during a period less the quantity already sold out is known as:- A. Stock B. Supply C. Demand D. Firm
69. The quantity which is actually brought in to the market is said to be:
A. demand B. supply C. stock D. complementary E. none
70. Which of the following curve is found by adding horizontally the individual supply curves? A. individual B. market supply
C. law of supply D. supply function
71. Which of the following statement is "true" about the law of supply?
A. when price rise more commodity supplied
B. When the price falls less commodity implied
C. It is vice-versa D. all of the above
72. Why the supply curve slopes up wards? Because:
A. In normal slope upward to the right
B. It is direct relationship between price and supply
C. Increase & decrease of price
D. Change in stock& enter and exit of firms E. all of the above
73. One of the following is incorrect statement in supply curve.
A. Left word shift indicates increase in supply
B. Right word shift indicates increase in supply
C. Both decrease and increase caused by price and factors of production
D. The shift changes in goals of the producers
74. The satisfaction which a consumer gets by having or consuming goods or services is called? A. until B. utilsC. total utility D. Marginal utility
75. Which of the following theory explains the consumer behavior based on the concepts of total utility and marginal utility?
A. cardinal utility B. Marginal utility C. Total utility D. Rationality

76. The measure of utility in units is called:
A. Rationality B. utile C. utility D. cardinal
77. The change in total utility resulting from one unit change in the consumption of the good is: A. TU B. MU C. utils D. all
78. Type utility that developed by modern economists as alternative to cardinal utility is said to be: A. Consistency B. Ordinal
C. Utilization D. Transitivity
79. One of the following is assumption of ordinal utility theory: A. rationality theory B. complete ordering C. consistency D. transitivity E. all
80. Indifference map shows that- A. Two goods give equal level of satisfaction
B. is Iso-utility curve C. Equal utility curve D. all curve means IC1-IC4 are greater than each other E. all of the above
81. One of the following is the process of transforming in puts to out puts:
A. firm B. production C. company D. industry E. A and B
82. Which one is unique from the other?
A. company B. industry C. enterprise D. firm
83. All are determinants of elasticity of supply but: A. cost of production
B. time factor C. nature of commodity D. nature of inputs E. none
84. Which of the following is the measurement of price elasticity of demand?
A. arc B. point method C. geometric D. all
85. One of the following records in flow and out flows of foreign currency?
A. oligopoly B. foreign exchange C. current account D. capital account
86. The costs which cost accountant includes under the head expenses of the firm is said to be: A. accounting costs B. mercantile costs
C. capital account D. current accounts
87. A currency which is used for making international payments is known as:
A. capital account B. foreign exchange C. national income
D. accounting costs
88. A records of all transaction between residents of a country and the rest of the world is known as: A. oligopoly B. monopoly C. capital account D. current account E. all

89. A market situation in which few large firms compete against each other is called: A. monopoly B. oligopoly C. socialism D. Imperialism
90. Which of the following one is the major type of imperfect market of the world? A. oligopoly B. capitalist C. monopoly D. all
91. All are the major determinants of consumption except: A. money income B. rate of interest C. aggregate supply D. level of wealth
92. One of the following is not factors affecting production?
    A. technology B. revenue C. inputs D.outputs
93. Which of the following is the total expenditure on consumption and investment? A. aggregate demand B. aggregate supply
    C. balance of payment D. aggregate product curve E. all
94. One of the following is not type macroeconomic policy?
    A. monetary B. structural C. fiscal D. income
95. Which one of the following is the difference between factor income following out of the country and in to the country? A. NFI B. AD C. AS D. BOP
96. An essential element in the study of macroeconomics is said to be:
    A. domestic law B. national income C. net income D. individual income
97. The annual budget for FDRE is prepared by: A. ministry of finance B. economic development C. auditors D. A and B above
98. The system that records all international economic transactions is called: A. AD B. AS C. BOP D. NFI
99. When the country brings down the value of its' currency in terms foreign current is known as?
    A. fiscal policy B. income policy C. inflation D. devaluation
100. The expenditure and revenue policy of the government to achieve the desired objectives is said to be:
    A. income policy B.fiscal policy C. devaluation D. inflation
101. One of the fundamental scope of macroeconomics explains the inflationary and deflationary movements in the system and impacts is:
    A. employment B. economic growth C. general price level
    D. money and banking

102. Which one of the following deals with tariff and non-tariff barriers up on trade and economic order? A. foreign trade B, international trade
C. macro distribution D. A and B

103. Of the following one is not macroeconomic policy?
A. monetary B. fiscal C. trade D. income

104. Which one is not the objectives of macroeconomics?
A. full payment B. price stability C. wealth D. none of the above

105. One of the following is the lowest stage of business cycle:
A. peak B. trough C. recovery D. boom

106. A situation in which persons fail to secure work is known as:
A. unemployment B. employment C. work lessens D. labor force E. A and C

107. A temporary type of unemployment is said to be:
A. frictional B. structural C. cyclical D. employment

108. One of the following refers to any arrangement by which a person earns income of means of livelihood: A. labor force B. employment
C. boom D. peak

109. The returns of labor service to others is called: A. salary B. labor
C. wage D. mental

110. The supplier labor is known as: A. worker B. employee
C. an employer D. all

111. One of the following is not a type of unemployment: A. labor force B. frictional C. cyclical D. structural E. all

112. One is a buyer of labor or worker: A. an employee B. an employer C. unemployed D. B and C

113. Which one of the following is impacts of unemployment on economic growth? A. exploitation of labor B. unemployment demoralizing D. increase in poverty E. all of the above

114. The following are go together in an economy:A. inflation and cost B. demand pull and cost push C. supply and demand D. all except B

115. The persistent or sustained rise in general price level is known as:- A. devaluation B. in valuation C. deflation D. inflation

116. One of the following is the most widely accepted index for measuring the rate of cost of "market basket" of consumer goods and services during particular base years. A. reference year B. consumers C. consumers price index D. CPI E. all except B

117. The decrease of general price level of goods and service is called: A. deflation B. inflation C. economic growth D. none of the above

118. An example favorable effect is: A. effect on production B. effect on capital C. effect on employment D. effect on economic growth E. all

119. When total payments are more than total receipts is called: A. balance of payment B. balance of deficit C. wage spiral D. redistribution

120. A useful tool to plan and control the fiscal policy affairs of the government is said to be: A. money B. budget C. salary D. all

121. The rate at which one goods substituted for another good is called:
A. MRS B. AD C. AS D. TR

122. What happen when income of consumer rises? A. the proportion increase in the purchasing power B. budget line moves out wards C. decrease in the purchasing power D. A and B above

123. A graph that shows various combinations of two commodity is said to be: A. budget line B. product line C. straight line D. curve line

124. When consumption varies as price of the other commodity changes and price of other commodity remaining constant it is called: A. income effect B. price effect C. consumer effect D. supplier effect

125. The study of the relationship between output and cost of production is known as: A. theory of production B. theory of costs C. production D. all

126. The study of the relationship between inputs and outputs is said to be: A. theory of production B. theory of costs C. theory of consumption D. all

127. The transformation of inputs in to out puts is called: A. consumption B. production C. exchange D. technology

128. One of the following is the factors affecting production: A. inputs B. outputs C. technology D. all

129. Land, labor, capital and entrepreneurship factors of production are an examples of: A. outputs B. inputs C. technology D. all

130. A time length under consideration of inputs and outputs is called: A period of production B. short-run C. long-rum D. none

131. The key terms used in the analysis of production function with one variable inputs can be: A. total product B. marginal product C. average product D. all

132. The amount of outputs resulting from input is said to be: A. TP B. MP C. AP D. none

133. When MP < AP, AP is: A. declining B. falling C. rising D. A and B

134. The total amount of output is called: A. AP B. TP C. MP D. MRS

135. Change in total product in analysis of production is said to be: A. TP B. MP C. AP D. AD

136. A tabular representation of the various combinations of two variables inputs which give the same level of output is called: A. Isoquant schedule B. equal product schedule C. aniso-product curve D. equal product curve and production indifference curve E. all

137. When whole array of quant is represented on a graph is said to be: A. labor B. an isoquant map C. equal product map D. B and C

138. Ridge lines are a proportions isoquant that:- A. lines between negatively sloped B. lines between positively sloped C. locus points of isoquants D. marginal product is zero E. all of the above

139. An economic region of production is the region bounded by: A. budget lines B. straight lines C. the ridge lines D. A and B

140. One of the following is properties of isoquants:-

A. Isoquants are convex to the organ B. down wards sloping to the right C. no two isoquant intersect or touch each other D. diminish from left to right E. all

141. The factors in returns to scale that measured in man-hours is called: A. capital B. labor C. scale D. all

142. The reason for increasing return to scale is: A. division of labor B. specialization of machinery C. coordination D. A and B

143. The factor that is measured by machine-hours output and meters is said to be: A. diminishing B. scale of input C. capital D. labour

144. The reason for decreasing returns to scale is: A. difficulty in management B. coordination C. division of labor D. A and B

145. When new process is invented by replacing an old process is improved, fewer inputs and more outputis produced with the same inputs by change in technology is called: A. innovation in process B. technological process C. expenditures D. A and B

146. One of the following are the monetary values of expenditures that have been used to produce something: A. products B. firms C. costs D. all

147. The cost of production incurred by an individual firm in producing a commodity is called: A. social cost B. state cost C. private cost D. none

148. The summation of private and external cost is said to be: A. internal cost B. external cost C. social cost D. A and B

149. The cost that government earns from factory pollution is said to be:- A. internal cost B. external cost C. social cost D. explicit cost

150. An explicit cost is: A. actual money B. payments made by a firm for purchasing C. hiring resources D. factor service from factor-owners E. all of the above

151. The sum total of explicit and implicit cost is known as: A. economic cost B. expense cost C. revenue cost D. rental cost

152. The cost of calculating the expense of firm is known as: A. explicit cost B. implicit cost C. economic cost D. internal value

153. Which one of the following is not an example of explicit costs: A. vent for factory building B. interest on borrowed money C. expense on transport and publicity D. payments for raw materials and workers E. none

154. One of the following is total cost in the short run: A. TFC B. TVC C. TC D. all

155. Which of the following is an example of fixed cost? A. salary of the permanents staff B. interest on borrowed capital C. rent of the factory buildings D. depreciation of machinery, license fees, maintenance and property taxes E. all of the above

156. The sum of all fixed and variable costs is said to be: A. total cost of production B. total fixed cost C. total variable cost D. total cost E. all

157. Fixed cost can be: A. overhead cost B. an avoidable cost C. average cost D. A and B

158. One of the following is avoidable cost: A. TVC B. TFC C. TC D. none of the above

159. The summation of TFC and TVC is known as: A. TC B. TFC C. TVC D. AVC

160. The origin of all costs are: A. Negative B. Zero C. Positive D. Unknown

161. The total cost divided by the number of units produced is said to be: A. TC B. TVC C. AC D. TFC

162. The per-unit cost of both fixed and variable factors of production is: A. AC B. ATC C. AVC D. AFC E. A and B

163. Average variable curve is U-shaped because of: A. law of fixed proportions B. low of average total cost proportions C. law of variable proportions D. none of the above

164. The addition to total cost as one more unit of out output is produced is said to be: A. TC B. MC C. VC D. FC

165. On the graph MC at the initial stage of production is: A. positive B. Zero C. Negative D. all

166. A cost function is simply the production function expressed in: A. cost units B. production units C. money units D. none

167. Which of the following cost is similar with of utility maximization? A. long-run cost of production B. least cost rule C. short-run cost of production D. A and B

168. One of the following is not a form of a market: A. Aristocracy B. oligopoly C. monopoly D. oligarchy E. A and D

169. Which of the following is price taker than price maker: A. market B. firm C. cost D. all

170. A category of revenue consists the total amount of income received by the firm by selling a given amount of output is called: A. TR B. AR C. MR D. all

171. The average revenue and marginal revenue curves the same and would be horizontal or parallel to the X-axis is called: A. budget line B. revenue line C. price line D. A and B

172. A duplication of facilities unnecessarily to exploit the economics: A. social monopoly B. artificial monopoly C. perfect monopoly D. natural monopoly E. none

173. Which of the following is true about TR? A. when TR > TC it is profit. B. When TR = TC it is neither profit nor loss. C. when TR > TC given loss D. profit is maximum when TR – TC is maximum E. all of the above is true.

174. The most important question for a firm is: A. to determine its level of output B. to determine its level of state of equilibrium C. to determine aggregate demand D. A and B

175. When TR and TC is equal this is called: A. break-even point B. no profit C. general firms D. normal output

176. From the gap between TR and TC curve of firm it is possible to find out the level of output which gives the firm maximum profit is called: A. minimal profit B. optimal loss C. optimal output D. B and C

177. The origin of total revenue curve is: A. zero revenue B. straight line C. no output produces D. all of the above

178. An agreement on price output and market sharing: A. cartel B. price leadership C. conscious parallelism D. former collusion

179. The former and latter collusions are: A. closed and tacit B. tacit and open C. cartel and open D. open and tacit

180. Types of budget that government pumping out more money from the economic system: A. balanced budget B. surplus budget C. deficit budget D. currency budget

181. Deficit budget is financed by: A. national borrowing B. domestic and external borrowing C. printing new currency D. all except A.

182. The three parts of Ethiopian revenue budget are:- A. total fixed, ordinary and capital B. external assistance, rental and ordinary C. ordinary external assistance and capital D. tax and non-tax resources and internal.

183. A type of revenue that is collected from sale of government assets, collection of loans counterpart funded external loans is said to be:

A. capital revenue B. external revenue C. ordinary revenue D. all

184. Quidproquo means: A. tax payers cannot get paid B. tax payers can't get expected money C. tax payers cannot expect to get any direct benefits in return for the tax paid by them D. all

185. The excise duties, sale (tax on domestic manufactured goods, services sale tax, stamps and VAT, that imposed on producers, sellers of goods and services is: A. direct tax B. indirect tax C. foreign trade tax D. B and C

186. A tax that is levied on income, wealth and property is called: A. direct taxes B. indirect tax C. non-tax revenue D. external assistance

187. A grant received from international institution is known as: A. bilateral assistance B. external un assistance C. multilateral assistance D. Mona lateral assistance

188. A non-tax revenue is from: A. charges B. fees C. fines D. pension contribution of investment E. all of the above

189. Which of the following expenditure is mostly financed from domestic revenue sources? A. capital B. non-capital C. non-recurrent D. recurrent

190. The summation GDP and NFI is: A. GNP B. GDP C. NFI D. MP

191. The market values of all the final goods and services produces with in the domestic territory of a country during a years is: A. GNP B. GDP C. NFI D. GPD

192. Which one of the following is the order of phases in circular flow of national income? A. income→production→expenditure

B. expenditure→income→product→ C. production → income – expenditure D. expenditure → production → income

193. One of the following is method of measuring National income?

A. expenditure B. income C. production D. value added E. all but C

194. One of the following is the sector in domestic economy?

A. secondary B. primary C. territory D. all

195. The loss of the value of fixed capital assets during production is said to be: A. inflation B. depreciation C. regression D. immersion

196. Which of the following is the major use of goods and services?
A. consumption B. investment final uses C. A and B D. none

197. The following is not problem of measuring GDP in developing countries:
A. practical B. statistical C. conceptual D. nominal GOP E. all except D

198. Of the following is an example of statistical problem? A. barter system
B. transaction C. SO or CSA D. all

199. Which of the following measures market price at current? A. real GOP B. nominal GOP C. GOP D. all of the above

200. Real GDP is affected by: A. change in price B.change in physical output C. market price D. nominal GOP E. none

201. The net market value of all the final goods and services produced by the normal residents of a country during a year is said to be:-
A. NNP_{MP} B. NOP_{MP} C. NNP_{FC} D. PI

202. The summation MP of all FC factors payments is called:-
A. PI B. NI C. NDP D. NNP

203. The sum total of net value added at factor cost by all the normal resident produced enterprises of a country during a year is known as:
A. NI B. NNP_{MP} C. NNP_{FC} D. NOP_{MP}

204. When we subtract MP personal FC MP taxes from personal income we get: A. personal disposable income B. personal income C. personal expense D. none

205. A GOP which would help attain a sustainable use of the natural environment and the equitable distribution of benefits of development:-
A. red GOP B. yellow GOP C. black GOP D. green GOP

206. Which of the following can be a problem of developing countries?
A. depletion of natural resource B. inequality in income distribution
C. unemployment E. all of the above

207. The main purpose of every economic activities is:- A. sells B. trade
C. consumption D. exchange E. all

208. The balance of income which is not used for consumption is said to be: A. income B. sale C. saving D. expense

209. The expenditure by house holds on final goods and services is called: A. saving B. consumption C. balance D. revenue

210. Which of the following is the main element of house hold consumption? A. housing and clothing B. medical care and transportation C. expenditure food D. all

211. Every consumption depends on: A. income B. expense C. salary D. balance

212. The major determinants of consumption expenditure at individual and national levels can be: A. rate of interest B. level of wealth C. level of direct taxes D. distribution of income and money income E. all of the above

213. The relationship between level of consumption and level of income is shown by: A.. propensity to consume B. consumption function C. expectation of the past D. A and B above

214. A consumption when income is zero is said to be: A. autonomous B. induce C. break-even point D. total

215. The point at which the consumption function curve intersects the $_{45}{}^{0}$ line is known as: A. slopping B. break-even point C. income level D. propensity

216. The amount of positive of dissaving measured by vertical distance between the consumption curve and the $_{45}{}^{0}$ line: A. false B. true C. both D. unknown

217. Average propensity to consume is one of the: A. relationship between consumption and income B. the curve of lines C. income levels D. all

218. An excess of income over consumption expenditure is called: A. value B. saving C. income D. expenditure

219. A reciprocal or corollary of consumption function is: A. consuming B. expense function C. saving function D. propensity to save E. C and D

220. The ratio between total saving and total income is called:- A. APS B. MPS C. NNP D. NDP

221. What is investment? A. it is expenditure by people B. means the expenditure by business firms on the purchase C. expenditure on production of new capital goods D. A and B E. all are correct

222. Which of the following is a determinant of investment?
A. profit expectation B. rate of interest C. corporate tax D. level of national income E. all

223. A type of investment which is made with the negative of earing profits that taken in private sector is said to be:- A. autonomous B. replacement C. induce D. all

224. Which of the following plays a crucial role in economic growth of nation?
A. economic growth B. an economy C. investment D. none

225. One of the following plays a greatest role in public or government and private sector? A. trade B. an economy C. farmland D. investment
E. shipping

226. Which one is an increase in the total output of nation overtime?
A. market B. industry C. trade bans D. an economy E. all

227. The exchange of goods and services across geographical boundaries among different countries of the world is said to be: A. foreign trade
B. international trade C. national trade D. A and B above E. all

228. Man-made machines and equipment is called: A. money B. capital
C. market D. national resources

229. In the base of international trade theory absolute cost difference founded by: A. D. Richards B. Chile C. Adamsmith D. Socrates

230. Which of the following is a component of foreign trade? A. exports
B. imports C. value D. A and B

231. The physical quantities of goods exported plus those imported in a year is said to be: A value of trade B. volume of trade C. exports D. imports

232. One of the following is a cases of international trade: A. trade balance
B. trade surplus C. trade deficit D. all of the above

233. A measures towards protection of domestic industries of a country imposed on foreign trade, particularly on imports is said to be: A. trade restrictions B. trade balance C. trade surplus D. trade deficit

234. A tariff restriction are the form of taxes on the import of goods called:
A. import duty B. custom duty C. importquota D. A and B E. all

235. The difference between the amount of foreign currency received on account of export of goods and the payments made for import of goods called: A. balance of trade B. trade surplus C. trade deficit D. value of trade

236. The balance of trade expressed by: A. Birr B. US dollars C. Japaneseyean D. A and B

237. When we subtract imports from exports we got: A. net exports B. net imports C. net expenses D. net factor income

238. One of the following is incorrect statement: A. when exports are more than imports (X>M) country has trade surplus GDP rises
B. when imports are more than exports (X<M) the country has trade deficit GOP falls C. when imports and exports are equal (X=M) the country has tarde balance GOP is not affected by foreign trade.
D. all of the above are incorrect E. none

239. One of the following is prepared by using the double entry system of accounting? A. balance of payments accounts B. current accounts
C. capital accounts D. single entry accounts

240. The summation of the total of the three components of current account is called: A. current account balance B. capital account balance C. balance of payments D. none of the above

241. An example of invisible service can be: A. tourism B. insurance
C. transport D. banking E. all of the above

242. The difference between the receipts and payments in nothing has to be paid is known as: A. net transfers B. net income C. net exports D. net imports

243. One is not forms of capital account transactions: A. private B. official
C. direct investment D. portfolio investment E. none of the above

244. A currency which is used for making international payments is called:
A. foreign exchange B. foreign currency C. international exchange D. A and C

245. Which of the following currency is mismatched? A. Japan – yen
B. America US dollar C. Ethiopia – birr D. UK – pound E. none

246. A price of one currency in terms of another is known as:
A. foreign exchange rate B. foreign exchange C. balance of payments D. all

247. One of the following is determined by force of supply and demand in the foreign exchange market? A. fixed exchange rate B. floating exchange rate C. volume exchange rate D. foreign exchange rate

248. One of the following is correct about floating exchange rate: A. central bank can intervene B. Government cannot inter vine C. it is hybrid system of crawling peg, managed floating and adjustablepeg D. all are correct

249. Under fixed exchange rate when country raises the value of its currency in terms of foreign currency it is called: A. revaluation B. devaluation
C. depreciation D. revolution

250. When imports increase and exports decrease it leads to: A. trade surplus B. trade deficit C. trade balanced D. trade shifts

251. When the country brings down the value of its currency in terms of foreign currency it is called: A. devaluation B. appreciation C. revolution
D. all

252. When fall in the value of a currency in terms foreign currency is called: A. revaluation B. devaluation C. appreciation D. depreciation

253. Under floating exchange rate system on increase in value of currency in terms of foreign currency is called: A. appreciation B. devaluation
C. revaluation D. depreciation

254. When import decrease and exports increase it leads to: A. trade deficit B. trade balance C. trade surplus D. foreign exchange rate

255. Aggregate demand is refers to: A. the total demand for goods and service in the economy B. the total expenditure on consumption and investment
C. the total output that the producers in an economy are willing to produce and sell D. A and C E. A and B

256. A curve of aggregate supply is A. down ward curve B. upward curve C. upward slopping curve D. horizontal curve

257. The interaction between AS and AD determined A. the equilibrium level of national output B. decrease the total output C. the equilibrium level of general price D. A and C E. A and B

258. The aggregate objectives of macroeconomic policy is to achieve:- A. maximum feasible output B. price stability C. high rate of economic growth of full of employment D. health balance of payments and equality in the distribution of income and wealth E. all

259. A type of fiscal policy that reduce the pressure of high inflation or continuous rise in prices is known as:- A. expansionary fiscal policy B. contractionary fiscal policy C. income policy D. all

260. A type of macroeconomic policy that regulates money supply and control of the cost and availability of credit by central bank of the country is said to be: - A. income policy B. monetary policy C. fiscal policy D. expenditure policy

261. One of the following is the major instruments of expansionary monetary policy: A. bank rate B. open market operation C. cash reserve ratio D. all of the above

262. Which of the following is government control of wages? A. open market B. income policy C. fiscal policy D. monetary policy E. all

263. One of the constractionary monetary policy instruments sells securities? A. open market operation B. cash reserve ratio C. bank rate D. revenue policy

264. The major instruments of expansionary fiscal policy can be: A. public borrowing B. government borrowing C. revenue policy D. expenditure policy E. all of the above

265. An economy depends up on the monetary and fiscal policies of the government and other factors is said to be: A. AD B. AS C. NNP_{MP} D.NDP_{MP}

266. A complete cycle of economic activities that is incorrectly matched is:
A. peak-boom B. recession – contraction C. trough – boom D. expansion – recovery

267. One of the following is not type of inflation? A. law inflation B. galloping inflation C. hyperinflation D. all of the above

268. A type of inflation that inflation rate is in thousands, millions and billions percent is said to be: A. low inflation B. hyperinflation C. Galloping inflation D. none of the above

269. The following unemployment types are very serious problems and unreduced to zero: A. cyclical and frictional B. structural and cyclical
C. frictional and structural D. none

270. The proportion of labor force to adult population is known as: A. labor participation rate B. activity rate C. employment rate D. A and B

271. Producing output is possible only using:- A. raw materials B. inputs
C. output D. A and B

272. Macroeconomics focuses on: A. individual decision B. the economy as a whole D. allocation of scare resources by firm

273. Balance of payment account record transactions as credit when:
A. there is payment by a nation B. there is receipt to nation credit is equal with debit D. none of the above

274. Which of the following is the most common sources of monopoly?
A. economies of scale B. control of scarce in puts C. government barriers D. all E. A and B

275. The opposite of perfectly competitive market is: A. free market B. mixed market C. monopoly market D. neoliberalism

276. When the total cost curves and total revenue intersect each other, the firm has no loss and profit these points are said to be: A. breakeven points B. equilibrium price C. equilibrium points D. A and B above

277. Absence of monopoly means: A pure competition B. normal competition C. imperfect competition D. perfect market information

278. The characteristics of a market are usually known as: A. division of market B. structure of market C. A and B D. all

279. The following is market structures in both perfect competition and in perfectcompletion expect: A. oligopoly market B. monopolistically competitive market D,. pure monopoly market E. none of the above

280. The distinction between command economy and free markets: A. delusion given by government in capitalism B. decision is given by government in command economy and by consumers and firms in free market economy C. both have the same decision makers D. A and B

281. Variable costs:- A. change without put B. equals zero when output equals zero C. are applicable in short run and long run as input introduction D. all of the above are correct

282. Which of the following increases when output increases? A. TVC B. average variable cost (AVC) C. AFC D. MC

283. The reason that marginal cost curve eventually increase as output increases is because: A. of minimum efficient scale B. of increasing returns to scale C. of the law of diminishing returns D. none of the above

284. Which of the following is an explicit costs of production? A. wages paid to workers B. the electric bill C. purchase of raw materials D. all

285. Value of resources that belong to the owner and employed in the production are: A. implicit costs B. explicit costs C. social costs
D. accounting costs

286. A cost paid in money by the owner of a firm is: A. an explicit cost and an opportunity cost B. an implicit cost and an opportunity cost C. an explicit cost but not an opportunity cost D. not an accounting cost

287. The firms short run marginal cost curve is increasing when: A. marginal product is increasing B. marginal product is decreasing C. total fixed cost is increasing D. average fixed cost is increasing

288. The profit a firm is: A. TR-TP B. TR-TC C. TC-TR D. AR-MR

289. If the total variable increases which of the following will not change?
A. total cost B. marginal cost C. average total cost D. total fixed cost

290. Average total cost equals:- A. MC plus AC B. total cost divided by labor C. total cost divided by output D. none of the above

291. A cost of production that does not entail a direct money payment: A. economic B. an implicit C. an original D. an explicit

292. Which of the following costs can be positive when output is zero? A. total variable cost B. marginal cost C. total fixed cost D. average variable cost

293. An opportunity cost of producing goods or service is known as: A. cost in production B. cost in economics C. cost of purchaser D. all

294. A long-run average cost curve is: A. downward B. upward C. envelop D. horizontal

295. A value of self-employed resources are: A. implicit cost B. explicit cost C. fixed cost D. total variable cost

296. An opportunity cost of society when output is produced is said to be: A. social cost B. total cost C. marginal cost D. explicit cost

297. Accounting cost is: A. implicit cost B. explicit cost C. social cost D. marginal cost

298. The major types of costs are: A. TC and MC C. social cost and private cost D. AC and FC

299. Economic costs can be: A. implicit cost plus explicit cost B. fixed cost and variable cost C. marginal cost and average cost D. none of the above

300. The two division of private cost are: A. social and private B. economic and accounting C. average and fixed D. total and variable

301. A cost incurred by owners of a firm while output is produced is said to be:- A. economic cost B. private cost c. accounting cost D. implicit cost E. all

302. When the slope of the total product curve is zero, the marginal product equals: A. infinitive B. negative C. positive D. zero

303. A locus of all combinations of factors of production, labor and capital, that a firm can purchase with a given monetary cost outlay is: A. ISO – cost line B. vertical line C. horizontal line D. down ward line

304. The rate at which output increases as inputs are increased by the same production is called:- A. scale B. returns to scale C. scale of map D. change to returns

305. Isoquant curves are_____ to the origin? A. concave B. complex C. convex D. A and B

306. A collection of different iso-quants representing different level of output is known as:- A. iso-quant map B. iso-quant line C. iso-quant curve D. none

307. A set of all possible combinations of inputs that yield the same maximum possible level of output is said tobe: A. an isotopes B. an isoquant C. an equilibrium D. an isomers

308. Average product follows: A. TP B. MPC C. fixed cost D. variable cost

309. Factors of production is: A. output B. inputs C. process D. price

310. The functional relation between inputs and output is said to be: A. production scale B. production tool C. production function D. all

311. The method by which imputes are combined to produce output is called: A. technology B. production C. introduction D. transaction E. distribution

312. One of the following types of business firm is owned by two or three or few individuals : A. corporation B. sole proprietorship C. partnership D. privatization

313. An organization under ownership and operation of individuals and engaged in transforminginputs in to out puts known as A. a business firm B. Production C. organization D. socialization

314. A type of business firm that owned by many individuals who buy share of stocks and their liabilities is limited to their investment only is called: A. corporation B. partnership C. sole proprietorship C. communication D none

315. Which of the following describes what happens to a consumer's budget line if that consumer's budget increases? A. it becomes steeper B. it shifts outside parallel away from the origin C. it remains unchanged D. it shifts in ward parallel to the origin E. all

316. As the price of good rises, the consumer will experience: A. a desireto consume another good B. a desire to consume less of the good C. a south westerly movement on the indifference map D. all of the above

317. Which of the following is school of thought concerning measurement of utility? A. cardinal B. ordinal C. classical D. functional E. A and B

318. The reason for budget line can be from:- A. change in income B. change in price of either goods C. constant price and income D. A and B

319. One of the following is a mathematical representation of budget constraint? A. budget line B. slope line C. consumption line D. budget cost E. all of the above

320. Goods whose income elasticity are negative are called: A. necessity B. luxury C. superior goods D. inferior goods

321. Demand is said to be have unit elasticity if elasticity is: A. equal 0 B. equal 1 C. greater than 1 D. less than 1

322. The income elasticity of demand: A. is negative for inferior goods B. is negative for normal goods C. is positive for inferior goods D. all

323. For good which has very few close substitutes, demand would be: A. price in elastic B. price elastic C. price unitary elastic D. all of the above

324. Which of the following good is likely to have the most price in elastic demand? A. bread B. gold C. laptop D. automobile

325. In the short time horizon supply is: A. inelastic B. elastic C. perfectly elastic D. all of the above

326. When the quantity supplied is constant for whatever change in price, then supply is said to be price: A. perfectly in elastic B. perfectly elastic C. unitary elastic D. in elastic E. all

327. The income elasticity of demand is largest for: A. luxuries B. clothing C. food D. shelter

328. Which of the following is true about nature of a good? A. demand for necessity goods is price inelastic B. demand for necessity luxury goods, is price elastic C. consuming the good is basic for life D. all of the above

329. When price elasticity of demand is greater than unit, demand is known as: A. unitary elastic B. elastic price C. price elastic D. all

330. The most important elasticityof demand are: A. price elasticity of demand B. income price elasticity of demand C. cross price elasticity of demand D. all of the above

331. A fall in the price of a good cause produces to reduce the quantity of the good they are willing to produce. This fact illustrates: A. the nature of normal good B. a change in supply C. the law of supply D. the law of demand

332. When the quantity of demanded equals quantity supplied: A. there is shortage B. there is surplus C. the government set price ceiling D. none of the above

333. A drop in the price of Nokia shifts the demand curve for Samsung leftward. Therefore Nokia and Samsung are: A. luxury goods B. inferior goods C. substitute goods D. complements goods E. none

334. When the price is below the equilibrium price, the market experience: A. market surplus B. market shortage C. excess supply D. market equilibrium

335. An increase in demand is represented by a: A. leftward shift of the demand curve B. movement to the left along a demand curve C. movement to the right along a demand curve D. rightward shift of the demand curve

336. A surplus occurs when there is: A. excess demand B. price is lower that market price C. excess supply D. none

337. Which of the following determinant of supply results in change in quantity supply? A. change in price of good itself B. change in price of factors of production C. change in technology D. change in weather

338. If income decrease, demand curve: A. of an inferior good shifts left ward B. if a normal good shifts leftward C. of a normal good shifts right ward D. of an interior good shifts rightward E. B and D

339. Normal goods are those for which demand increase as: A. income increase B. the prices of a complement falls C. the good own price rises D. the expected price decrease E. all

340. Inferior goods are those for which demand increases as: A. income increase B. the price of substitute rises C. the price of substitute falls D. income decreases

341. From the following pairs of goods, identify those which are most likely complements: A. stapler and staples B. gasoil and car C. printer and printer cartage D. cell phone apparatus and simcard. E. all of the above

342. Ability to pay with willingness to buy is termed as: A. need B. utility C. demand D. desire E. want

343. The market situation when price is zero is: A. market equilibrium B. market surplus C. market shortage D. none

344. Income and demand are positively related for: A. normal goods B. gifted goods C. substitute goods D. interior goods

345. One of the following is not determinant of demand? A. number of buyers B. wage of labor C. price of good itself D. consumer income E. individuals future income expectation

346. When demand decreases, the demand curve shifts: A. inward to the origin B. to the rights and upwards C. outward away from the origin D. none of the above

347. Which of the following is a determinant of supply? A. price of input B. price of a good C. technology D. weather E. all

348. The stable state of condition is called: A. surplus B. equilibrium C. shortage D. all

349. Which of the following is normal good in Ethiopia? A. red teff B. white teff C. sorghum D. all

350. An example inferior good in Ethiopia is: A. red teff B. white teff C. corn D. maize

351. Total units of a commodity an individual willing to purchase is known as: A. supply B. demand C. price D. income

352. The exchanges or transactions among buyers and sellers take place in: A. goods C. services C. market D. A and B

353. Which of the following is not true about market? A. understand as rules and regulation B. institutional arrangement where potential buyers and sellers can make transaction for a commodity C. not necessarily a place D. named based on commodity to be exchanged E. all of the above

354. Households: A. are buyers of final goods and services B. have utility maximizing objectives C. are owners of factors of production D. all are correct answers

355. Which one of the following is not decision making unit? A. business firm B. capital C. entrepreneurship D. B and C E. all

356. An economic system governed by society's customs and long lived practices is: A. traditional economy B. pure economy C. command economy D. mixed economy

357. In product market: A. business firm supply inputs B. households purchase goods and services C. government supply inputs D. households purchase inputs

358. One is incorrect about circular flow of economic activities: A. real items flow is the flow of inputs and output B. real items flow is present in both simple and complex circular flow models C. real items flow is the flow of income and expenditure D. A and B

359. Inductive method of reasoning is a logical reasoning: A. from specific to general conclusion B. from general to specific explanation C. from facts to the development of theories D. all except B

360. One of the following is the common type of fallacy in economies?
A. failure to hold other things constant B. the post hoc fallacy C. the fallacy of composition D. all of the above

361. Economic growth of an economy is represented by: A. production point change in PPF B. outward shift of PPF C. in ward D, shift of PPF D. all
E. none

362. Scientific attempts to describe economic relationships are:
A. positive economics B. normative economics C. accurate ways to explain political stand point D. none

363. Economics is primarily concerned with the study of: A. allocating scarce researches to satisfy competing and unlimited wants B. how to make more effective use of resources through making prices very low C. how new wants and economic resources are produced by business D. none of the above

364. The fundamental economic problem facing all countries is: A. shortage of currency B. poverty C. water shortage D. unlimited wants constrained by limited resources E. all of the above

365. One of the following is not a main factor of production: A. money B. land C. capital D. entrepreneurship

366. The concept of choice would become irrelevant if: A. scarcity was eliminated B, price was very low C. capital was eliminated D. poverty was eliminated

367. In economics, labor: A. refers to the process of by which resources are transformed in to useful forms B. is mental ability of human being C. is physical ability of human being D. all except A

368. The sacrificed value of the next best alternative use of a resource is called: A. opportunity cost B. marginal cost C. fixed cost D. production cost

369. One of the following is true about macro and microeconomics: A. they are not competitive rather inter dependent B. micro economics is building block for macroeconomics C. macroeconomics is concerned with economy as a whole D. the study of very large industries is a topic with in macroeconomics E. all except D

370. The method used to combine resources for production of output known as: A. economics B. technology C. devolution D. revolution

371. The study of decisions made by individual consumers and firms is said to be: A. macroeconomics B. decision making C. theories of evolution
D. decision making C. theories of evolutionD. micro economics

372. Which of the following deals with the value judgments to draw inferences in economic analysis: A. positive economics B. macroeconomics C. microeconomics D. normative economics

373. A simplified diagramic representation of economic interactions among decision making units is known as: A. circular flow of diagram B. model C. complex circular flow D.A and B E. A and C

374. Circular flow models flow in:- A. opposite direction B. the same direction C. both directions D. all of the above

375. The major type of circular flow models are: A. complex flow B. real items flow C. flow of money D. B and C E. none

376. One of the following is an organization that answer the basic economic questions: A. mixed economy B. command economy C, market economy D. traditional economy E. all

377. Which of the following one is decision making unit in an economy? A. government B. business firms C. households D. all of the above

378. Final goods or services exchanged are: A. factor market B. product market C. market place D. A and B E. all

379. An economic transaction where inputs are exchanged is called: A. factor market B. product market C. free market D. none

380. Which of the following is economic reasoning? A. inductive and radioactive B. judicial and executive C. inductive and deductive D. all of the above

381. The following are basic economic facts: A. inductive and deductive B. limited and scarce C. unlimitedhuman wants and limited or scarce resources D. A and C

382. The division of economics as positive and normative is based on: A. purpose of study B. purpose selling C. purpose of buying D. none

383. A modified circular flow diagram which includes government households and business firms in market is called: A. complex circular flow B. simple circular flow C. real circular flow D. all

384. Social goods and services provided by government like: A. defense B. policy C. high ways and education D. health services E. all of the above

385. The main income of government is: A. tax B. tariff C. expense D. tourism E. all

386. Households use means: A. individuals B. decision is in common C. family D. all of the above

387. The economic agents who make decisions are known as: A. decision making units B. households C. merchants D. politicians

388. The owners of the basic economic resources are: A. business firms B. governments C. dealers D. households

389. One of the following is inputs in production of goods and services: A. entrepreneurial ability B. capital C. labor D. land E. all

390. A limitations of government interventions are known as: A. market failures B. government failures C. households failures D. all

391. A resource which includes all natural resources is said to be: A. labor B. land C. capital D. wage

392. A simplified mathematical representation of relationship among economic variables are called: A. economic model B. economic problem C. economic resources D. all of the above

393. A valid and broad generalizations about relationship among economic variables is known as: A. economic scope B. economic theories C. economic concerns D. economic questions

394. Which of the following is usually less certain than those of natural science? A. economic laws B. economic theories C. economic models D. all of the above

395. Which of the following is foundation for macroeconomics? A. microeconomics B. aggregate goods C. nationaland international income D. all except A

396. A simple graphical drawings use a two dimensional grid or coordinate system is known as: A. vertical axis B. horizontal axis C. Cartesian plane D. all

397. The main tools widely used in economics are: A. graphical and lines B. tabula and graphical C. slope and graph

398. The main macroeconomic tools of government are: A. fiscal policy and momentary policy B. income policy and defense policy C. expenditure and non-expenditure policy D. none of the above

399. The key economic concept that serves as the basis for the study of economics is: A. society B. scarcity C. inflation D. un employment

400. The subject matter of economics is: A. physical science B. natural science C. social science D. none of the above

401. “Move jobs should be made available to teenagers” this is an example of: A. positive economics B. normative statement C. an assumption D. a hypothesis E. all

402. Which of the following is duty of an entrepreneur? A. makes the basic decision B. comes up with new ideas C. brings all the other resources together D. takes the risks to earn profits or losses. E. all of the above

403. Free goods have an opportunity of: A. positive B. negative C. zero D. unknown

404. One of the following is the loss of the next best alternatives and value of the best foreign alternative? A. production cost B. opportunity cost C. possibility cost D. A and B above

405. One of the following is based on the demand and supply of products? A. political system B. illegal system C. market system D. economic system

406. Economic planning by central government agencies is primarily associated with: A. market economics B. license faire economics C. command economics D. mixed economics

407. Firms government and consumers made decisions about what to produce, how to produce and who will receive products is by: A. mixed economy B. command economy C. market economy D. all of the above

408. One of the following is the main features of capitalism? A. competition and profit motive B. price mechanism and freedom of choice by consumers C. the right to private property and freedom enterprises D. minor role of government E. all of the above

409. One is not feature of command economy? A. profit motive B. collective ownership C. clear social and economic objectives D. maximum social welfare E. none of the above

410. Which one of the following the prime function of the government sector? A. production B. regulation C. combination D. consumption expenditure

411. An expensive commodities like diamonds and cars with higher value are said to be: A. giffens good B. ignorance effect C. Veblen goods D. non-durable goods E. all of the above

412. When demand falls as income increase is known as: A. an inferior goods B. superior goods C. giffens goods D. Veblen goods

413. A goods that are consumed together known as: A. complements B. substitute C. inferior D. none

414. A goods whose demand varies inversely with income are: A. substitute B. complements C. inferior D. A and B

415. Which of the following is a determinant of demand? A. income of consumer B. price of related goods C. tastes of a consumer D. all

416. One of the following is determinant of supply: A. price of the input to produce the good B. price of related goods C. tastes of a consumer D. income of the consumer

417. Which of the following can be an example of inferior goods A. tea and coffee B. salt and sugar C. raw meat D all

418. Which of the following are examples of complementary goods? A. cars and gasoline B. coffee and tea C. butter and oil D. all

419. The cause of the demand curve for gasoline to shift to the right will be: A. an increase in the supply of gasoline B. a fall in the price of cars C. fall in price of gasoline D. a rise in the price of cars

420. A essential ant-tax on per unit gift from the government that shift the supply curve to the right is known as: A. taxes B. subsidy C. complements D. substitute goods

421. Which of the following is the most important variables that shift supply curve: A. number of firms in the market B expected future prices C. price of substitute in production and prices of inputs D. technological change E. all of the above

422. Which of the following is incorrect? A. an increase in demand shifts the demand curve to the right B. a decrease in demand shifts the demand curve to the left C. an increase in supply shifts the supply curve to the left D. a decrease in supply shifts the supply curve to the left E. none of the above

423. When demand and supply decrease, the equilibrium quantity would: A. fall B. rise C. equal D. all

424. One of the following is not substitute goods: A. bullet and gun B. corn and wheat C. tea and coffee D. A and C

425. Which of the following is means of price control by government? A. price celling B. price floors C. equilibrium D. A and B

426. One of the following increases the production of goods? A. price floor B. price support C. price celling D. A and B

427. One of the following is cause of price celling: A. reduce quality of goods and services B. black market C. cause persistent shortage D. cause rating E. all of the above

428. An effective price floor would cause: A. shortage B. a price greater than equilibrium price C. price lower than equilibrium D. none of the above

429. Price floor helps: A. consumers B. producers C. suppliers D. government E. all of the above

430. Which of the following is mismatched: A. price floor-support of minimum B. price ceiling-maximum C. price equilibrium set blow in effective floor D. all

431. The price elasticity for a good is larger when: A. the time period is shortened B. the good is relatively in expensive C. the good is more of a necessity D. the good has more substitute goods

432. If a demand for a product is said to be “elastic” the value of the elasticity coefficient is: A. less than one B. greater than one C. zero D. equal to zero

433. A goods would income elasticity of demand be positive and relatively large: A. luxuries B. inferior C. normal D. necessities

434. An income elasticity of demand that have between 0 and + 1 is called A. luxuries B. inferior goods C. necessities D. normal

435. Demand rises with: A. supply B. price C. cost D. income

436. Weather two goods are substitute or complements it is measured by: A. demand elasticity B. price-cross demand C. cross-price elasticity D. income elasticity

437. The value of perfectly elastic supply: A. reports infinity B. is equal to 1 C. is equal to zero D. ranges between 0 and 1

438. The price at which there is neither surplus not shortage is known as: A. the market-clearing price B. the fair price C. the adjustment price D. the equal quantity

439. Which of the following has no physical or material existence and the concept is purely subjective introspective? A. demand B. utility C. supply C. cost D. price

440. One of the following increases as the quantity consumed of a good increases: A. TU B. MU C. AU D. FU

441. Of the following one is refers to the extra utility a consumer gets from one additional unit of a specific product: A. TU B. MU C. AU D. FU

442. The TU of first five breads consumed is 4, 10, 15, 18 and 17 one after the other which of the following is true? A. the MU of third is 15 B. the MU of the third is -3 C. the MU of the first is 0 D. the MU of the fifth is -1

443. The properties of in difference curve consists: A. a higher level of satisfaction at upper B. do not intersect each other C. are convex to the origin D. have negative slope E. all of the above

444. If total utility is decreasing then MU is: A. increasing B. negative C. zero D positive

445. When the price of both goods increase by the same percent the budget line will: A. pivot about the y axis B. pivot about the x axis C. shift parallel to the right D. shift parallel to the left

446. If marginal utility is positive but decreasing, total utility is: A. constant B. increasing C. negative D. decreasing

447. If marginal utility is positive but decreasing, total utility is: A. constant B. increasing C. negative D. decreasing

448. Factors of production are: A. problems of production B. inputs of production C. resources of production D. B and C

449. The law of diminishing returns is a law while the law of returns to scale is a law: A. short run, long run B. short run, short run C. long run, long run D. long run, short run

450. The line representing all possible combinations of inputs that can be purchased for a given total cost is called: A. isoquant B. iso-cost C. iso-line D. iso-cost budget

451. Which of the following is a cause of economics of scale? A. managerial specialization B. more efficient capital C. ability to profitably use by-products D. labor specialization E. all

452. If a firm triples all inputs, and output triples as well, the firm is subject to: A. increasing returns to scale B. economies of scale C. constant returns to scale D. A and C

453. Which of the following is explicit costs payments? A. wages and salaries for workers B. rest of buildings and property used C. interest of loans D. payments for raw materials E. all

454. The costs that have already been incurred and cannot be recovered is called: A. non-sunk costs B. sunk costs C. accounting costs D. all of the above

455. The total of explicit costs that have been incurred in the past is said to be: A. economic costs B. sunk costs C. accounting costs D. non-sunk costs.

456. The sum of the firm's explicit costs and implicit costs is called: A. economic costs B. sunk costs C. non-sunk costs D. accounting costs

457. Costs that are incurred only if a particular decision is made is known as: A. non-sun costs B. sunk costs C. economic costs D. accounting costs

458. The opportunity cost of a resource includes both:A. economic and non-sunk B. explicit and implicit costs C. only explicit costs D. only implicit costs

459. The costs of a firm that are paid directly in money are its: A. alternative costs B. implicit costs C. explicit costs D. money opportunity costs E none

460. If a firm produces nothing, which of the following costs will be zero? A. opportunity B. variable cost C. total cost D. average cost E. all

461. Interest forgone on funds, interest on bank loan, wages are parts of a firm's: A. implicit costs B. explicit costs C. fixed cost D. none

462. The amount that total cost raises when the firm produces one additional unit is known as: A. AC B. FC C. MC D. VC

463. Economies of scale occur when the average total cost of production as output: A. decreases, increases, B. remain constant, increases C. increases, increases D. decreases, decreases

464. An iso-cost line will be shifted further away from the origin: A. if total cost increases B. if there is an advance in technology C. if the prices of both inputs increases D, none of the above

465. The distinction between market structure and market system is A. decision B. distribution C production D. none

466. A total revenue minus total cost is: A. surpluses B. profit C. expense D. all

467. When was the firm should stop producing the additional unity: A. MR<MC B. MR=MC C. MR>MC D. none

468. The point at which the firm will be better off if it shutsdown than it will stay in business is known as: A. shutdown B. open down C. start down D. all

469. When the firm was reaches shutdown point? A. if TR<VC B, if TR/Q <VC/Q C. if P<AVC D. all of the above

470. The market supply curve of a competitive is slopes? A. upwards B. down wards c. horizontal D. vertical

471. In perfectly competitive market structure: A. P=AR B. P=MR C. AR=MR D. all of the above

472. Firms in perfectly competitive industries may be characterized as: A. price takers B. price creators C. price makers D. price setters.

473. A profit-maximizing perfectly competitive firm will break even when: A. P=ATC B. P=MC C. MR=MC D. ATC=AVC

474. A profit maximizing perfectly competitive firm will definitely earn positive economic profit in the short-run when: A. P>AVC B. P>ATC C. P=MC D. MR=MC

475. The characteristics of perfect competition market can be: A. homogeneous product B. freedom of entry and exit C. each seller is a price taker D. large number of buyers and sellers E. all of the above

476. A firm operating in a perfectly-competitive industry faces a demand that is: A. horizontal B. vertical C. upward sloping D. down ward sloping

477. Profit is equal to zero when: A. P>ATC B. P=ATC C. P>VTC D. P=ATC

478. In perfect competitive market: A. P=AR B. P=MR C. P=MC D. all

479. In perfectly competitive market profit is greater than zero when: A. P=ATC B. P>ATC C. P<ATC D. A and B

480. The biggest factor arrive to zero in perfectly competitive markets in the long run: A. free entry in the long-run B. free exit in the long-run C. firms are selling identical products D. all of the above

481. The features that identify different market structure is: A. forms of competition among firms B. number of buyers and sellers C. products uniformity across supplier D. ease of entry in to the market E. all

482. A typical firm is making economic profit: A. if P>ATC B. if P<ATC C. if P=ATC D. if P>AVC

483. It is true that the firm is producing continuous output when: A. P<AVC B. P>AVC C. P=AVC D. P>MC

484. If P<AVC: A. the firm stars operating B. the firm starts open down C. the firm should shut down D. all of the above

485. The perfectly competitive firms respond to changing short-run market conditions by varying: A. output B. price C. advertisingcampaigns D. A and B

486. A requirement that potential competitors obtain a certificate of permission from government is known as: A. diploma B. degree C. licensing D. masters

487. Which of the following is an example of monopoly market? A. local telephone market B. municipal bus C. gas and water D. electric utilities E. all of the above

488. What is monopoly? A. an industry with single firm B. produce product with no close substitute C. have barrier to entry D. an exclusive seller of product E. all

489. Patent create monopolies by restricting: A. entry B. demand C. profit D. price

490. Which of the following is the major source of barriers to entry to a monopoly market? A. efficiency and patent right B. legal restriction C. control over key materials D. all of the above

491. If a monopoly is un able to cover its short-run variable costs, it should: A. raise price B. shutdown C. lower price D. increase out put

492. A monopoly can control the price if charges by: A. controlling market demand B. controlling the cost of production C. controlling market supplies D. A and C

493. A monopoly's ability to raise its price is restricted by both market demand and the cost of production: A. true B. false C. A and B

494. A products differences can distinguished by: A. quality B. design C. location D. method of production E. all

495. Monopolistically competitive firms are most common in industries where differentiation is possible such can be: A. restaurant business B. hotel sand pubs C. general specialist retaining D. consumer service and hair dressing E. all of the above

496. In profit maximization, there is maximum output when: A. MR=MC B. MR=AC C. MR=AVC D. MR=ATC

497. In monopolistically competitive price is above marginal revenue because: A. firms are differentiated B. market is a locative efficient C. firms produce a homogenous product D. firms are price takers

498. Products may differ by: A. physical traits B. type of service C. location and packaging style D. all

499. A market with a small number of seller in an industry: A. monopoly B. oligopoly C. command D. capitalism

500. In which kind of oligopoly the market power is lack of competition? A. impure oligopoly B. monopoly C. pure monopoly D. pure oligopoly

501. Which of the following is an example of pure oligopoly? A. automobile industry B. steel industry C. cotton industry D. food industry

502. Of the following one is an example of impure oligopoly: A. steel industry B. airplane industry C. automobile industry D. sheet industry

503. The two most extreme market structures in terms of performance and number of firms are pure monopoly and perfect competition: A. false B. true C. both A and B

504. Which of the following is a characteristic of an oligopolistic industry? A. mutual interdependence B. economies of scale C. homogeneous product D. all of the above

505. The result of oligopoly competitors that agree to restrict output to maximize joint profits is said to be: A. cartel B. monopoly C. demand D. market

506. Of the following which one is an example an oligopolistic barrier to entry? A. control over an essential B. high start-up costs C. advertising D. brand proliferation E. all of the above

507. Which of the following rule applies to firms in all types of industries? A. MR=MC B. AC=MC C. MR=ATC. D. TC=AC

508. Monopolies may derive their market power from: A. government franchise and patent rights B, control of productive resources C. economy of scale D. all

509. Which one is true for a single-price monopolist in equilibrium?
A. MR=MC B. P>MR C. D. all of the above

510. The automobile, breakfast, cereal, and tobacco industries are examples of: A. oligopoly B. monopolistic competition C. monopoly D. perfect competition

511. Market with only a few sellers, each offering a product similar or identicalto the others, are typically referred to as: A. oligopoly markets
B. monopoly markets C. capitalism D. black market

512. Which of the following is the goals of macroeconomics? A. maximum feasible output C. price stability B. high rate of economic growth
D. increase the living standard of the people E. all of the above

513. The equality in the distribution of income and wealth, health balance of payments are a goal of: A. microeconomics B. macroeconomics
C. markets D. all of the above

514. The highest level of business cycle is: A. peak B. trough C. expansion
D. recovery

515. The period on the business cycle in which real GOP is increasing is:
A. trough B. peak C. expansion D. recession

516. A type of un employment results from changes in the demand for labor in agriculture, tourism, students in summer time is: A. frictional B. seasonal C. cyclical D. structural

517. The factory workers and construction workers are: A. white collar workers B. blue collar workers C. A and B D. all

518. An example of white color worker is: A. professionals B. office workers
C. guards D. A and B

519. The basic causes or reasons for unemployment in a healthy working economy is: A. job search B. labor unions C. efficiency wages D. minimum wage laws E. all

520. Individuals that have no job but looked for a job at least once in the last four weeks are counted as: A. employed B. unemployed C. workers
D. layers

521. A type of unemployment in which workers are in between jobs or are searching for new and better jobs is called: A. cyclical B. structural C. frictional D. turnover

522. A mismatch between job seeks and job openings is known as: A. cyclical B. structural C. frictional D. turnover E. all

523. The division of working age population in to: A. working age not in labor force B. school retired, performing unpaid work at home C. unemployed D. employed E. all of the above

524. People become un employed when: A. they loss job B. decide to enter the labor force to look for a job C. quit their job D. all of the above

525. Which of the following occupations would most likely be subject to seasonal unemployment? A. automobile machine B. appliance sale person C. television repairperson D. farm worker

526. The number employed plus number of unemployed is said to be: A. unemployed B. employed C. labor force D. none of the above

527. A category of labor force can be: A. employed B. unemployed C. not in the labor force D. labor force E. all

528. All civilians of 16 years or older who are either working or looking for work is: A. labor force B. civilian labor force C. unemployment D. employment

529. The percentage of the total adult population that is in the labor force is called: A. labor force participation rate B. unemployment rate C. employment rate D. all

530. When the economy is operating at full employment increased spending will result in: A. demand pull inflation B. cost-push inflation C. profit-push inflation D. wage-push inflation E. all

531. An example demand-pull inflation is: A. a tax cut B. a cut in the interest rate C. an increase in exports D. an increase in quantity of money and government expenditure and investment profit E. all of the above

532. A situation in which there is a persistent increase in the general price level: A. inflation B. deflation C. expense D. revenue

533. The un welcome combination of inflation and unemployment is known as: A. flation B. stagflation C. inflation D. deflation

534. A very high rate of inflation is called: A. inflation B. disinflation C. hyperinflation D. demand-pull

535. Reduction in the rate of inflation is: A. deflation B. disinflation C. hyperinflation D. inflation

536. To prevent frictional unemployment, we would have to: A. eliminate recession B. prevents people from leaving their jobs C. eliminates the business cycle D. makes sure everyone went to college

537. The rate of inflation can be mseasured by: A. the level CPI B. the GDP deflator minus the CPI index C. the percentage change in the CPI from one year to the next D. the level of the GDP deflator.

538. Too much money chasing too few goods best describes:A. demand-pull inflation B. the inflation premium C. cost-push inflation D. the GDP gap.

539. The period between a business cycle peak and a business cycle trough is called: A expansion B. diffusion C. recalculation D. recession

540. A payments for supplying property resources is known as: A. wages B. rents C. interests D. property income

541. The income approach consists of: A. interest rate B. rental income and profit C. wage and salaries D. depreciation and indirect business tax E. all

542. Which of the following is not used to compute GDP using expenditure approach? A. gross profit B. export and import C. consumption D. gross capital formation

543. One of the following is method of GDP estimation? A. the expenditure method B. the income method C. the product method D. all of the above

544. The part of the economy that consists of activities that are never reported to tax authorities include both legal and illegal activities are called: A. formal sector B. informal sector C. A and B D. all

545. The major incentive for a person to participate in the informal sector is: A. tax evidences B. tax evasion C. tax rate D. tax expense

546. The distinction between GDP and GNP is: A. GDP is concerned with territory gain while GDP is concerned with nationality B. both concerned stock C. both are value added D. all

547. Which of the following is true? A. when NFI is positive, GDP<GNP B. when NFI negative GDP>GNP C. when NFI is zero GDP =GNP D. all of the above

548. Which of the following is a possible measurement problem in calculating GDP? A. price level changes B. public goods C. self-supply goods and services D. underground economy and double counting E. all of the above

549. The summation of amount of money people and organizations spend in buying things is known as: A. the income method B. the product method C. the expenditure method D. output

550. GDP plus net receipts of factor income from the rest of the world equals: A. GNP B. GDP C. income D. CPI

551. One of the following is true about GDP: A. GDP increase when export greater than import B. GDP is remain unchanged when export equals imports

C. GDP will decrease when import is greater than exports D. all of the above

552. GDP does not include: A. transfer payments B. gross value of output C. value of goods and services D. measure only final goods and services E. all

553. The market value of a firm's output less the value of the inputs the firm has bought from the previous seller: A. net domestic product B. value added C. real GDP D. genuine progress index E. all

554. None-economic values-include: A. happiness B. peace C. security D. all

555. The largest component of total consumption is: A. tax B. goods C. services D. loans

556. An example of durable goods one: A. cars B. furniture C. stay for three years or more D. all of the above

557. Gasoline, food and clothes are: A. none durable goods B. durable goods C. inferior goods D. none

558. Using the current prices to value current production is known as: A. real GDP B. nominal GDP C. value added D. none

559. GDP at constant price is called: A. real GDP B. nominal GDP C. NFI D. A and B

560. An events most likely increases real GDP is: A. an increase in government spending B. decrease in net exports C. an increase in the real rate of interest D. an increase in taxes

561. The difference between gross investment and net investment equals: A. depreciation B. aggregate income C. zero D. inventory investment

562. Personal income differs from disposal income by: A. net experts B. personal saving C. personal taxes D. personal saving and personal taxes

563. Personal income minus personal taxes is known as: A. net experts B. disposable income C. your spendable income D. B and C above

564. Gross national product minus depreciation equals: A. NI B. GNI C. NNI D. DI

565. An income earned by Indian minus owned resources here or abroad is called: A. NNP B. NI C. NNI D. PI

566. Total income received by all factors of production is called: A. personal income B. national income C. disposable personal income D. gross domestic income

567. The sumation of net income plus indirect business tax is equal to: A. NI B. NDP C. GDP D. PI

568. Nominal GDP is GDP in a given year: A. valued in prices of that year B. adjusted for anticipated inflation C. adjusted for inflation D. valuedin the price of the base year

569. Which of the following corrects for changes in the overall level of prices from year to year? A. nominal GDP B real GDP C. NDP D. NNP

570. Of the following one is measured in current market prices: A. nominal GDP B. real GDP C. NNP D. NI

571. GDP is the value of all final goods and services produced: A. by citizens of the country B. by domestically controlled companies C. within the nations boundaries D. by domestically owned companies

572. The smallest is: A. NDP B. NI C. government expenditure D. net exports

573. The total market value of all final goods and services produced with in a given period by factors of production locatedwith in a country is: A. NNI B. NNP C. GNP D. GDP

574. We go from gross to net domestic product by: A. depreciation plus to GDP B. indirect business taxes to GDP C. GDP minus indirect business taxes D. GDP minus depreciation

575. Rent and interest are used to calculate: A. GDP by income approach B. GDP by the expenditure approach C. indirect business taxes D. undistributed corporate profits

576. The value actually earned by members of households who supply the inputs necessary to produce GDP is called: A. personal income B. disposable income C. net investment D. national income

577. Nominal GDP can increase at a faster rate than real GDP only if there is inflation: A. false B. true C. A and B

578. A good condition in the future, that house hold consumption increases is said to be: A. pistimistic B. optimistic C. premises D. criticism

579. The consumption function shows the relationship between consumer expenditures and _____. A. tax rate B. disposable income C. savings D. the interest rate

580. The amount of consumption expenditures households wish to purchase independent of income and constant at first and then varies with disposable income is called: A. breakeven B. lower consumption C. autonomous consumption D. all

581. Which of the following shows the relationship between the level of consumption and level of disposable income: A. consumption function B. income function C. saving function D. interest function

582. An expenditures that do not change with exchange in income is: A. taxes B. autonomous C. transportation D. all

583. The addition of autonomous and induced consumption is known as: A. total consumption B. total income C. total revenue D.none

584. House hold spending for consumption is determined by the following factors: A. households wealth B. level of income tax C. the level of personal income D. all

585. As people perceive that their income will be higher in the future, they increase current spending and decrease current _____ A. income B. expense C. saving D. all

586. An increase in expected future income _____ consumption expenditure and expenditure and _____ saving. A decrease, decrease B. increase, increase C. increase, decrease D. increase, decrease

587. A slope of consumption function is A. less than one B. zero C. equal to one D. greater than one

588. The function of any total income which is saved is said to be: A. MRS B. APS C. AVC D. AFC

589. The relationship between saving and disposable income, other things remaining the same is ____, A. the consumption functions B. the saving function C. the income function D. all of the above

590. The division of total saving by total income is called: A. MRS B. APS C. AVC D. AFC

591. One of the following not true about saving? A. part of income which is not spent on consumption B. increase with increase of income C. an excess of income over consumption D. net saving can be negative E. none

592. The ratio of total saving to total income is: A. AMS B. APS C. ATC D. all

593. An expenditure on the purchase or production of new capital goods is called: A. investment B. expansion C. consumption D. disposable income

594. Investment promotes economic growth directly by developing social overhead and infrastructure. A. correct B. true C. false D, incorrect E. A and B

595. Which of the following stimulates economic growth indirectly by providing education, training and public health? A. process B. investment C. wastage D. expense

596. One of the following is determinant of investment: A. rate of interest B. profit expectation C. corporate tax D. level of national income E. all of the above

597. Which one is part of investment expenditure? A. an addition to a firm's inventories B. a purchase by a firm of a new plant C. A purchase of a new house D. all

598. Which of the following is true? A. when the real interest rate drops investment increase B. when the real interest rate raises, investment decrease C. the basic determinants of investment is net profit D. all

599. The purchase of final goods and services by firms is called: A. investment B. transfer payment C. balance of payments D. real GDP

600. One of the following is true about international trade? A. increase world welfare B. benefit from trade not shared equal C. resources are not equally distributed to all training nations D. exchange of goods and services between countries E. all of the above

601. International trade: A. hurts firms with less efficient than foreign competitors B. helps consumers C. A and B D. all

602. An international trade dumping refers to: A. selling goods at a price below the cost of production B. occurs when products are made available as imports at lower priceC. occurs when prices prevailing in the exporting countryD. all

603. The reason for trade between nations is: A. increasing returns to scale B. equal distribution of capital C. equal distribution of resources D. decreasing returns to scale

604. A. principle which determine difference in absolute cost is called: A. comparative advantage B. absolute advantage C. equilibrium D. specialization of trade

605. A principle that says produce a good with lower opportunity cost is called: A. absolute B. comparative C. both A and B D. all

606. The principle of political economy and taxation is first formalized by: A. James mill B. Johan Stuart C. David Richards D. Alan Green span

607. A country trade on the basis of: A. absolute advantage B. equilibrium C. comparative advantage D. all

608. The source of gains from trade is: A. comparative advantage B. absolute advantage C. tariffs D. self-sufficiency E. all

609. The major source of comparative advantage is: A. technology B. external economies C. relative abundance of labor and capital D. climate and natural resources E. all the above

610. The significance of quota is: A. raises the price of imports B. encourages demand for domestically made substitutes C. reduces the volume of imports D. determine total amount of goods imported E. all of the above

611. A measure of trade restrictions which determine the total amount of goods that can be imported is said to be: A. tariff B. quota C. price D. value E. all

612. Of the following one is a form of restriction: A. tariff B. quota C. price D. A and B E. all

613. The importance of tariff is: A. increase the price of imported goods B. protect domestic producers from foreign competition C. raise price of imported items and encourage domestic producers to expand their output D. raise government revenue E. all of the above

614. Most tariffs have effects on: A. revenue B. protective C. reductive D. A and B

615. Domestic consumers are harmed because quota increases the price of imported goods: A. true B. false C. none D. all

616. The reasons that protectionists and government officials may favor using a quota instead of a tariff is: A. quota ensures that the quantity of imports is strictly limited B. quota generate revenue C. quota create less market distortions than do tariff D. all

617. A tax that is either imports or exports is known as: A. trade B. quota C. tariff D. none

618. The distinction between tariff and quota is: A. tariff revenue go to the government B. quota benefits governments C. quota benefits those with the right to sell foreign goods domestically D. all E. A and C

619. Trade restriction and bans in the real world: A. benefits domestic producers B. hurt domestic consumers C. hurt domestic producers D. A and B

620. A record of a country's trade in goods services and financial assets with the rest of the world is called: A. BOP B. POB C. DOP D.OPD

621. Depletion in foreign exchange reserve can be caused by: A. negative net transfer B. lower receipt of foreign exchange than payments C. lower value of export than the value of imports D. all

622. One of the following is parts of current account? A. net transfers B. net services C. trade balance D. all of the above

623. The difference between the receipts and payments of transfer is said to be: A. trade balance B. net service C. net transfer D. none

624. Portfolio investments refer primarily to: A. liquid assets B. short-term asses C. stocks and bonds D. direct investment D. all

625. The difference between the export and import of goods is: A. trade balance B. net services C. net transfer D. visible account

626. Net export plus net service and net transfer equals: A. CAB B. ACB C. BCA D. none

627. The home country sells an asset to another country is called: A. capital out flow B. capital inflow C. A and B D. all

628. When the income country buys an asset from a broad is said to be: A. capitalin flow B. capital outflow C. balance sheets D. all

629. Which of the following records special asset transfer? A. current account B. capital account C. trade balance D. net transfer

630. Unilateral transfer is a part of: A. capital account records B. current account balance C. net transfer D. net services E. all

631. The money of another country is known as: A. currency appreciation B. currency depreciation C. foreign exchange D. fixed exchange rate

632. BOP must balance: A. CAB + CAB= one B, CAB + CAB = zero C. CAB + CAB = two D. all

633. The rise in value of the currency in terms of another currency: A. currency depreciation B. currency appreciation C. foreign exchange rate D. fixed exchange

634. Which of the following increases export and decreases import? A. currency B. devaluation C. in valuation D. devaluation of domestic currency E. all

635. Fixed exchange rate is maintained by? A. government B. central bank D. firms E. A and B

636. A decrease in the value of a currency as measured by the amount of foreign currency it can buy is: A. devaluation B. depreciation C. incremental D. surplus E. none

637. A tariff generates tax revenue for the government, which a quota generates rents to the license-holders: A. false B. true C. A and B D. all

638. A quotas are government imposed limits on the of goods traded between countries: A. value B. quantity C. price D. A and B

639. Which of the following determined by actual differences in labor productivity between countries? A. comparative advantage B. absolute advantage C. constant advantage D. all

640. One of the following restricts the quantity of a good that can be imported? A. tariff B. quota C. cost D. profit

641. When country exports more than it imports, what is the value of net exports? A. positive B. negative C. zero D. need no information

642. The basis of foreign trade is: A. even distribution of trade B. un even distribution of resources C. A. and B. D. all

643. One of the following is a benefit of international trade: A. brings economic growth B. increase innovation C. increased productivity and efficiency D. economic advantage and chance of success E. all

644. When consumers wealth increases and spend more and aggregate demand shifts right is known as: A. real wealth B. real consumption C. un consumed wealth D. all

645. Which of the following is the largest sector of economy? A. public B. government C. private D. corporation D. A and B

646. The price level does not affect these variables in the long-run. A. true B. false C. A and B D. all

647. In the long-run the aggregate supply curve is: A. horizontal B. vertical C. down ward D. upward

648. Factors causing shifts in the AS curve is? A. input price B. market structure C. business taxes D. all

649. As depends on: A. weather conditions B. state of technology C. managerial efficiency D. availability of capital and labor, cost of inputs E. all of the above

650. To increases aggregate demand, a decrease in: A. the money supply B. foreign income C. government spending D. tax rates

651. At very low level of aggregate output, the aggregate supply curve is: A. vertical B. flat C. parabola D. horizontal

652. The goal of contractionary fiscal policy is: A. to reduce deflation B. to reduce inflation C. to reduce depletion D. all of the above

653. To decrease the money supply, the national bank can: A. raise the discount rate B. raise the reserve ratio C. sell government bonds D. all of the above

654. A decrease in the reserves of the commercial banks should cause a sale of bonds by: A. Central bank B. Awash bank C. Nib bank D. Enat bank

655. Which of the following is a tool of monetary policy? A. open market operation B. discount rate C. reserve ratio D. all

656. The buying and selling of government bonds by the national bank of Ethiopia is called: A. discount rate B. open market operations C. reserve ratio D. none

657. The interest rate on a discount loan is known as: A. discount rate B. open market C. reserve ratio D. selling

658. To increase the money supply, the national bank can: A. lower the discount rate B. buy government C. open market purchase D. lower the reserve ratio E. all of the above

659. The percentage of deposits banks are required to hold vault cash and not loan out is said to be: A. reserve ratio B. discount rate C. open market D. none

660. Which of the following is neutral in the long-run? A. price B. cost C. money D. power

661. Monetary policy concerned with influencing: A. the level of shares on the stock market B. the level of government expenditure C. the general level of money wages D. the price and availability of money

662. One of the following bank involves open market operations in buying and selling of treasury securities? A. CBE B. CB C. OIB D. CBO E. Nib

663. A sale of treasury securities reduces: A. money supply B. money control C. money decrease D. money exchange rate

664. The major contractionary monetary policies can be: A. cash reserve ratio B. open market operation C. bank-rate D. all of the above

665. Which of the following is mismatched: A. open market operation-sell securities B. bank rate-increase money of bank rate C. cash reserve ratio-increase cash reserve ratio D. none of the above

666. The national bank of Ethiopia use most often to combat recession: A. buying securities B. selling securities C. reducing the reserve requirement D. increasing the discount rate

667. To increase circulation of money in an economy when the national bank buys securities, which bank sale securities? A. CB B. CBE C. Nib D. WB

668. Decreasing interest rate and increasing aggregate demand is the purpose of: A. fiscal policy B. contractionary policy C. expansionary monetary policy D. none

669. A document and legal obligation that promise to pay back a loan under specified terms over a specified period of time is called: A. bond B. loan C. incentive D. an agreement

670. The market price of bonds can fluctuate depending on: A. interest rate B. balance sheet C. loan D. expense

671. During a recession, an appropriate fiscal policy would be: A. decrease in discount rate B. an increase government spending C. an increase in taxes D. a decrease in reserve ratio E. all

672. The central bank and government are working against each other if: A. central bank lowers the discount and government cuts taxes B. government cuts taxes and sells government bonds C. both cuts and sells D. all

673. The purpose of expansionary fiscal policy is to: A. increase aggregate demand and decreases taxes B. decrease both aggregate demand and taxes C. increase both aggregate demand taxes D. A and B

674. An aggregate demand and aggregate supply curve intersect: A. below potential GDP B. at potential GDP C. above potential GDP D. at point may or may not equal to potential GDP

675. Which of the following is the main sector of the Ethiopian economy? A. service sector B. industrial sector C. agricultural sector D. all of the above

676. The most and the leading sector of Ethiopian economy is A. industry B. agriculture C. service D. all

677. The largest contribution of the sector to GDP comes from: A. government employment B. unemployment C. foreign exchange D. national expense

678. One of the following is a major problem of agriculture sector is: A. soil degradation B. land fragmentation C. poor marketing facilities D. frequent drought E. all

679. The sectors with the highest growth performance are: A. transportation, communication. Trade, hotels and restaurants B. defense, education and trade C. public administration, defense, banking and insurance D. health education and other services

680. Service sector divides in to: A. distributive B. other service sub sector C. A and B D. all

681. One of the following is other service sub sector: A. finance and banking B. public administration and Defense C. insurance and education D. health and real estate development E. all of the above

682. Which one is distribute service sub sector? A. truism and trade B. hotels and restaurant C. transportation and communication D. all

683. The most important Ethiopian feature can be: A. high infant mortality B. high death rate of children below one year C. low life expectancy D. high dependency ratio E. all of the above

684. Which of the following used in construction, manufacturing and as energy sources? A. forest product B. mining product C. livestock product D. fishing

685. Coal, opal, gemstones, kaolin, iron ore, soda ash, tantalum and gold are: A. marine sector B. mining sector C. forestry D. energy E. all

686. One of the following is mined in significant quantities? A. gold B. coal C. iron ore D. tantalum

687. The main energy sources of Ethiopia are: A. minerals and miming B. forestry and fishing C. water power and forests D. population and area

688. One of the following is dependent of abundant rainfall: A. energy B. minerals C. population D. agriculture

689. The smallest part of Ethiopian economy is: A. fishing B. agriculture C. forestry D. energy

690. The number of population in a country increases due to: A. birth and immigration B. death and fertility rate C. birth and morality rate D. birth and emigration

691. The number population in the country decreases due to: A. birth and mortality rate B. death and emigration C. high dependency rate D. all of the above

692. The basic features of Ethiopia has: A. high dependency rate B. low infant mortality C. low growth rate D. high life expectancy rate E. all

693. The share of the non-working population relative to the economically active population gives: A. adult population B. old age population C. dependency ratio D. young age population

694. The measure that shows the number of dependents to the total population is said to be: A. population ratio B. dependency ratio C. adult ratio D. all

695. The number of independents and dependents are respectively: A. 16-64 and 0-14 B. 0-14 and 35-100 C. 45-64 AND 0-14 AND 65-100 d. 15-64 and 0-14 and over the age of 65

696. The size and growth of Ethiopian population is increase by factor of: A. international migration B. fertility C. mortality D. all of the above

697. The factor that decrease the size of population is: A. foreign migration B. mortality C. fertility D. A and B

698. Which one of the following is the objective of the national population policy of Ethiopia? A. improving caring capacity of the environment through conservation measures B. reduction of the rural to urban migration C. narrowing the gap between high population and low economic growth D. improving the social status of women, youth, children and elderly and material E. all

699. Over grazing and intensive cultivation is the major environmental problem in: A. urban area B. rural area C. A and B D. all

700. The fertility rate of population in urban areas is lower than in rural areas due to: A. the use of contraceptives B. lack of education C. shortage of medical services D. none of the above

701. An increase dependency ratio is due to an increase in the number of: A. adult B. children C. elders D. none

702. One of the following is migrate from rural to urban highly: A. mule B. female C. male D. all

703. The highly migration of females from rural to urban as unemployment is for: A. cocubines B. cooker C. nurse D. wage E. all

704. The most important determinants of high population growth rates in Ethiopia are: A. high fertility rate B. high fertility rate and decline death rate C. high dependency rate D. high fertility and death rate E. all

705. When population growth is zero the population is known as: A. stationary B. increasing C. decreasing D. 100%

706. The labor skills are a major component of: A. population quality B. morality C. morbidity D. fertility

707. A population pyramid that has a wide base and narrow peak is: A. high sex ratio B. high birth rate C. low death rate D. high life expectancy

708. Raising the living standard of the people was the objective of: A. EPRDF B. Derg C. Imperial D. none of the above

709. The foundation Ethiopian country's economy is: A. service B. agriculture C. industry D. all

710. Which strategy of Agricultural development path way that advocates the practice both of the intensification of small peasant farms and of commercialization?: A. uni-modal B. bi-modal C. multi-modal D. all

711. The role of agricultural sector is: A. source of capital B. source of good and raw materials C. source of foreign exchange D. source of market for non-agricultural sector E. all of the above

712. The Ethiopian economy is predominantly _____. A. industrial B. small informal sector C. agrarian D. vibrant financial sector E. all

713. Farming system in Ethiopia is characterized by: A. mixed farming B. command C. only cash crop D. A and B

714. Pastoralists exploit grazing land in: A. arid areas B. semi-arid areas. C. A and B D. all

715. Which of the following is true about pastoral farming? A. people rely more on livestock B. crop production is impossible C. located in the low lands D. all are true

716. Which of the following is Ethiopian farming system? A. commercial farming B. pastoral farming C. small holder farming D. all of the above

717. The most dominant farming system in Ethiopia is: A. commercial forming B. small holder farming C. pastoral farming D. none

718. Which farming system in Ethiopia envisaged in modern agriculture? A. commercial farming B. pastoral farming C. small holder farming D. none

719. Acacia is: A. law land tree B. leguminous tree C. season feeding tree D. all

720. Which of the following is feature of small holder farming system? A. very poor B. still insignificant C. mostly food grains D. owners hold less than 1 hectare of land E. all

721. One of the following is incorrect about policy of Agriculture during imperial period: A. low productivity and lack of technological development B. numbers factors of tenancy and land reform problems C. vast population depend on agriculture D. the government neglect agricultural sector D. all

722. During the reign, imperial region investors permitted to import: A. fuel B. tractors and combines C. fertilizers and pesticides D. all of the above

723. Which of the following farming system is the main contributor of GDP? A. small holder B. pastoral C. commercial D. none

724. The pre 1974 agricultural policy of Ethiopia government emphasis to: A. package programs B. state farms C. large scale mechanized farming D. A and C E. none

725. Agriculture development through the development of cooperatives and state farms was the strategy adopted by: A. EPRDF B. imperial C. Derg D. none

726. Which of the following is an association during the Derg period? A. peasant B. producers cooperatives C. service cooperatives D. all of the above

727. Agricultural development led industrialization is the strategy of: A. EPRDF B. Derg C. Imperial D. none

728. One of the following an example principal crop: A. coffee and pulses B. beans and oil seeds C. cereals and potatoes D. sugarcane and vegetables E. all of the above

729. The largest foreign exchange earner crops is: A. beans B. pulses C. coffee D. season

730. Which of the following is the most important cash crop: A. chat B. sugarcane C. coffee D. all

731. Livestock can be: A. serves as input to crop production B. source of income C. source of food D. all of the above

732. The dominant sector in Ethiopian agricultural sector is: A. forestry B. fishery C. crop production D. animal husbandry

733. A cornerstone of Ethiopian economy is: A. agriculture B. fishery C. forestry D. mining

734. The backbone of Ethiopian farming system is: A. pastoral B. commercial C. small holder D. none

735. Which of the following is a dominant in the high lands of Ethiopian country? A. crop production B. fishery C. forestry D. all

736. The largest percentage of the agricultural GDP in Ethiopia comes from: A. coffee B. crop production C. fisheries D. all

737. Which of the following is a stimulant crop? A. tea B. coffee C. teff D. A and B E. all

738. Cotton is: A. pulse crops B. oil crops C. food crops D. fiber crop

739. Sea same, Niger seed, rape seed, line seed, ground nut, safe flower and sun flower are: A. pulse crop B. oil crops C. fiber crops D. food crops E. none

740. Which of the following is a food crop? A. corn B. wheat and barley C. teff and millet D. sorghum E. all of the above

741. The soya bean, haricot bean, horse beans, chick peas, lentil and field peas are examples of: A. food crops B. oil crops C. pulse crops D. stimulant crops and fiber crop E. all

742. The major problems of fish production in Ethiopia is: A. lack of storage and credit facilities B. poor equipment C. inadequate processing capacity and lack of market infrastructure D. absence of development strategy E. all

743. Which of the following is human made problems is: A. indicate rural market and land fragmentation B. use of backward technology and traditional practices C. erosion, land degradation and poor infrastructure facilities D. lack of effective land ownership entitlement E. all

744. The reason for Ethiopian economy is poor for a decades to generate capital and performance in achieving is: A. miss management of natural resources B. shortage of financing facility C. in adequate and un realizable rain fall D. all of the above

745. The productivity of agricultural sector in Ethiopia can be increased by:
A. using disease and drought resistant seed B. increase irrigation
C. expanding afforestation and reforestation D. all of the above

746. Peasants are: A. rural religious group B. rural industrialist C. rural cultivators D. rural politicians E. all

747. An approach that advocate the intensification of small peasants and commercial farms is said to be: A. small holder farming system B. pastoral farming system C. uni-modal D. bi-modal

748. A dominant food crops that cover in terms of areal and output is:
A. pulses and oil seeds B. fruits and vegetables C. root and tuber D. cereal

749. Large scale commercial farming system use: A. tractors and combines
B. modern technology C. chemical fertilizers D. all of the above

750. In the process of industrialization craftsmen are replaced by: A. assembly lines B. mechanized mass production C. farmers D. all of the above

751. Arguments of the industrial sector VS the rest of the economic sector can be: A. development argument B. employment argument C. the balance of payment argument and the linkage argument D. saving argument E. all

752. The major events contribute to the introduction of modern manufacturing industries in Ethiopia is: A. the Ethio-Djibouti rail way
B. emergence of strong central government C. application of modern science and technology D. all of the above

753. Which conduction is most necessary to the process of industrialization in a society? A. availability of investment capital B. capture of foreign lands C. creation of a one-crop economy D. dependence on subsistence agriculture.

754. One of the following generatesmore foreign currency than agriculture? A. BOP B. VC C. TFC D. None

755. The earliest type of industrial activities were largely confined to: A. high scale establishment B. small scale establishment C. medium scale establishment D. all of the above

756. The role of the industrial sector in the Ethiopian economy plays a leading in terms of: A. output contribution B. employment contribution C. foreign exchange earnings contribution D. all of the above

757. During imperial period the government adopted measures like: A. allowed foreigners to take profit out of the country B. Easy access to domestic credit C. high levels of taxation D. all of the above

758. Which sub sector is the dominant industrial sector in Ethiopia? A. Manufacturing B. water supply C. electricity D. mining and quarrying E. all

759. The industrial groups which have the highest gross value of output of the manufacturing sector? A. textile B. food and beverage C. wood and furniture D. leather and foot wear.

760. The largest contribution of foreign exchange earnings (earnings) in manufacturing is: A. textile B. non-metal C. paper and printing D. food and beverage

761. During post Derg period, most of the large and medium scale manufacturing have been owned by: A. the government B. the private sector C. the imperial D. A and C

762. How many persons are established to power driven machinery and employed in large and medium scale? A. ten B. nine C. eight D. six

763. Which one is during imperial development programs and government polices (policies) formulated to the industrial sector? A. east financing loans B. tax holidays C. effective tariff protection from foreign competition D. all of the above

764. During the Derg which enterprises were allowed to private investors? A. medium scale B. large scale C. small scale D. all

765. The share of the private sector increase in which government? A. military government B. imperial government C. EPRDF government D. all

766. In the early stage of manufacturing in Ethiopia before 1957 dominated by: A. metal and wood products B. cottage and handicraft industries C. food and beverages D. large and small scale industries

767. Which type of research is needed for large scale and medium industries?
A. traditional B. technological C. seasonal D. None

768. Which of the following is the total output produced during a given period of time? A. GVO B. VAFC C. VACMP D. VAPPE

769. The measure of industrial performance indicates factor of productivity is?
A. GVO B. VAPPE C. VAFC D. none

770. Ethiopian large and medium scale manufacturing sub sector is dominated by: A. food B. beverage C. shoe and textiles D. leather E. all

771. The factor that contribute low development of the industrial sector is:
A. lack of information sufficiently B. limited markets for manufacturing goods C. limited saving potential D. all

772. One of the major constraints to industrial development in Ethiopia is:-
A. competition from cheap Chinese imports B. shortage of land
C, availability of land D. market information

773. Which of the following is correct about education? A. facilitate creativity and innovation B. raising the levels of trained manpower and skilled workers and, political and social consciousness C. increasing opportunities to individuals for better lives D. improves earing of the society E. all of the above

774. One of the following has been recognized by UNESCO as world heritage?
A. Gadasystem B. Irrecha and Axums obelisk C. Lalibelachurch, semen national park and walls of Hadar D.Tian carved standing stones, Lucy of Hadar, Gondar castle and Island monasteries on lake Tana E. all of the above

775. Which of the following has the largest number of subscribers to the Ethio telecom? A. mobile B. internet C. digital line D. fixed telephone line E. all

776. The death of child less than one year of age and before the child's fifth birth day is respectively known as: A. defense and mining
B. infant mortality and childhood mortality C. demography and materiality
D. pre maturity and maturity

777. One of the following is true: A. compound tariff are taxed on both quantity and value B. ad-valorem tariff is imposed on the basis of monitory value of product C. quota is the oldest trade restriction D. specific tariff imposed on each unit imported E. all are true

778. A simple transfers of money from the bank account of the seller in the sellers country is: A. bill of exchange B. letters of credit
C. bank transfer D. quotas

779. One of the following are an important payment mechanisms which help to eliminate certain risks? A. letters of credit B. bank transfer
C. bill of exchange D. letter of debtor

780. A strong and very serious kinds of restriction are said to be: A. tariffs B. quotas C. credits D. bans

781. One of the following are essential taxes imposed by the government of a nation on goods entering that country: A. quotas B. credits C. tariffs D. Bills

782. The movements towards free international trade generate short term un employment in: A. export competing industries B. import competing industries C. bartering D. all

783. A major portion of the livestock production is exported to: A. neigh boring counties B. far counties C. within the counties D. none

784. The structure of Ethiopians exports dominated by: A. industrial products B. tourism C. agricultural products D. services products E. all

785. One of the following country is importers of Ethiopian products:
A. Japan and China B. Saudi Arabia C. Asia D. A and B

786. The largest trading partner of Ethiopia in Africa since Ethiopia is landlocked and lacks a port is: A. Somalia B. Sudan C. Djibouti D. Far East E. none

787. The most dominant export times of Ethiopia is:
A. coffee B. Chat C. oil seed D. Gold

788. One of the following is true: A. Ethiopia export to Sudan coffee, pulses, live animals and spices B. Ethiopia exports to us coffee and oil seeds
C. Ethiopia exports to Djibouti chat pulses, fruits and vegetables
D. Ethiopia exports to Somalia chat and live animals E. all are true

789. The current major trading group of regions of Ethiopian country are:
A. Europe, Asia, and Africa B. Africa, America, Asia C. Australia, Asia and America D. Asia, America, far East

790. The trade balance of Ethiopia is negative because: A. exports are more than its imports B. exports are less than its imports C. imports are less than its exports D. exports and imports are equal

791. A measure of economic indicator of economic integrations and increase production arising from specialization according to comparative advantage is said to be: A. economic growth B. trade globalization C. transaction
D. all of the above

792. An increase of production arising from specialization is known as:
A. political integration B. social integration C. economic integration
D. machinery integration

793. The Ethiopia's exports oilseeds and pulses exports to: A. Gulf states and European union B. Saudi states and European union C. Israel, Asian and neighboring countries of Africa D. all of the above

794. One of the following is a major vegetable export products:
A. lettuce, tomatoes and green chills B. carrots, beet roots, leeks and cabbages C. shallots, red onions, melons and white onions D. potatoes, green beans and okra E. all of the above

795. The major exports of Ethiopia are: A. coffee, live animals and meat
B. oil seeds and pulses C. livestock products D. fruits, vegetables and flowers E. all of the above

796. One is major manufacturing sub-sector in Ethiopia: A. leather and clothing B. textiles and beverage C. food D. all of the above

797. An unfavorable balance of trade indicates that a country is importing more than it is exporting is known as: A. surplus B. deficit
C. inflation D. mortgage

798. In economics a role of government can be: A. reduction of poverty
B. promoting efficiency C. reducing unemployment D. controlling inflation
E. all of the above

799. The allocation of resources in the production of public and private goods is the function of: A. monitory policy B. income policy
C. fiscal policy D. trade policy

800. One of the following is a tool of fiscal policy: A. taxes B. social security program C. government purchases D. all

801. One is an example of direct tax is: A. transfer tax and corporate tax B. personal income tax C. business income tax and rental income tax D. tax on dividends, a inheritance tax and interest income on deposit E. all of the above

802. An example of indirect tax is: A. 1st registration and hole B. royalties stamp duties and betting duty C. sale, vat, excise duties and turn over
D. tax on goods and service that burden can be shifted to a third party
E. all of the above

803. The major revenue sources of Ethiopia government are taxes.
A. True B. False

804. A financial statement giving an estimate of the expected revenue and expenditure of the government for the coming fiscal year is called:
A. money B. budget C. policy D. none

805. The sale of state-owned assets, such as public utilities like gas, water and electricity is said to be: A taxation B. borrowing
C. privatization D. charges E. all

806. One is non-tax source of government revenue: A. charges and fees
B. sales of government goods and services C. government investment income and privatization proceeds D. all of the above

807. One of the important objectives of taxation is to reduce the gap between the income of the rich and the poor. A. false B. true C. both D. A and B

808. A tax by which the tax increase as the taxable amount increases is called: A. progressive B. regressive C. proportional D. none

809. The regional governments are responsible for duties related to basic service delivery of: A. agriculture and natural resources
B. health and sanitation C. water and rural roads D. primary and secondary education E. all

810. Designing of economic and social polices is responsibilityof:
A. regional government B. local kebele C.police station
D. federal government E. bus station

811. The most important source of revenue for local government is:
A. income tax B. sales tax C. property tax D. none of the above

812. Both federal and regional income tax in Ethiopia is progressive income tax. A. true B. false C. A and B

813. A expenditure on wages and raw materials is called: A. capital spending B. current spending C. costless spending D. all

814. Spending on physical assets like roads, bridges, hospital buildings and equipment is said to be: A. current spending B. short term spending
C. capital spending D. none of the above

815. One of the following is not renewed? A. social capital B. long term or capital C. short term or current D. none

816. The principal objective of the monetary policy of the national bank of Ethiopia is: A. price stability B. exchange rate stability C. macroeconomic stability D. promotes competitiveness in international trade E. all of the above

817. Which of the following one is financial institution in Ethiopia?
A. insurance companies B. credit unions C. commercial banks D. all of the above

818. Distribution of income in order to reduce inequality and poverty is the function of: A. monetary policy B. fiscal policy C. income policy
D. business policy

819. The biggest and leading bank of Ethiopia is: A. Awash bank B. Nib bank C. commercial bank D. central bank

820. The authority to mint coins and print (issue) currency notes that circulate in Ethiopia is vested in the: A. commercial bank of Ethiopia B. ministry of finance C. office of the prime minister D. national bank of Ethiopia E. all of the above

821. The deposit that can be withdrawn at any time without giving prior notice is: A. time deposit B. saving deposit C. demand deposit D. none

822. A currency in circulation outside the banking sector and demand deposit is said to be: A. a broad money B. time money C. narrow money D. quasi money

823. The purchase of bonds by the Central bank is:

A. OMO B. OMP C. OMS D. OPD

824. Ale and purchase of securities by the central bank is:

A. OMS B. OMO C. OMP D. POM

825. The sale of bond by central bank of Ethiopia is known as:

A. OMS B. OMP C. OMO D. POM

826. A policy of restructuring institutions towards competitiveness and efficiently through a market-oriented economy is called:

A. institutional policy reform B. fiscal policy C. income reform

D. all of the above

827. If consumer goods in production possibility is 18, 13 and capital goods is 2, 3 what is opportunity cost?A. 4 B. 6 C. 5 D. 2

828. At equilibrium Qd=Qs, given DD= 100-40p and SS = 600+40p then calculate equilibrium price: A. p= 4 B. P=5 C. P=6 D. p=3

829. Depending on question number 827 what is Qs?

A. 800 B. 600 C. 400 D. 40

830. Given a demand function and supply function, Qd=22-p and Qs= 10+p then calculate equilibrium price: A. 6 B. 4 C. 5 D. 2

831. By depending on question number 830 above what Qd?

A. 8 B. 16 C. 12 D. 32

832. If consumer income rises from birr 600 to birr 550, purchase of good increase from 35 units per month to 60 units. What is the income elasticity of demand for good? A. 5.05 B. 6.05 C. 4.05 D. 61

833. The price of commodity changes from birr 10 to 12 quantity supplied changes from 100 to 120. What the price elasticity of supply?

A. 2 B. 6 C. 1 D. 4

834. A firm producing 200 units of output at a total cost of birr 100,000. The firm's fixed cost is birr 28,000. What is the average variable cost?

A. 280 B. 720 C. 1000 D. 100 E. 360

835. Suppose the total cost of producing T-shirts can be represented as TC=80+4Q. the average cost of producing 8 T-shirts will be?

A. 12 B. 14 C. 112 D. 8

836. A company employs labor as the only variable factor along with a fixed quantity of capital wage rate of labor is 100 per day and its marginal cost is 25 units of output. What is marginal product of labor?

A. 4 B. 8 C. 100 D. 25

837. Of the following one is a least production state of a firm? A. (1000,500 and 100.50) B. (10,4) and 20,10 C. (4000, 300) and 200, 150 D. all

838. If total revenue is 40,000 and total cost is 42000 what profit?

A. 4000 B. 42 C. 12000 D. -200

839. If p=200-10Q and Q is 7 what is price should the monopolist charge in order to maximize profit? A. 30 B. 130 C. 140 D. 200

840. If number of unemployed is 28.8 million, number of employed is 488.8 million, not in the labor force is 84.9 million. What is labor force?

A. 517.6 B. 488.6 C. 488.8 D. 28.8

841. Based on question number 840 what is unemployment rate? A. 517.6 B. 48 C. 49 D. 94.43

842. When we calculate labor force participation rate depending on question number 840 we gate: A. 8.59 B. 85 C. 59 D. 859

843. If nominal interest rate is 8% and the inflation rate is 3%, what the real rate of interest? A. 11% B. 5% C. 24% D. 3%

844. If the real interest rate is 22% and the nominal rate is 34% the inflation rate must be: A. 18 B. 28 C. 26 D. 36

845. Given GDP= 4000, GIN 600, Nin= 100, cons: 3000 Gov.-purchase of goods and services 1000.00 what is NDP? A. 600 B. 3500 C. 500D. 400

846. Based on the above No. 845 question what is net export?

A. 100 B. 4000 C. 4100 D. 350

847. Suppose nominal GDP is birr 600 and the price index is 200. What is real GDP? A. 300 B. 3 C. 30 D. 3000

848. The 2009 output of teff is 200, price 60 and coffee output is 100, price is 40 then what is the nominal GDP for 2009?

A. 100 B. 16000 C. 12000 D. 4000

849. If consumption is 7320 and disposal income is 7400 what is saving?

A. 80 B. 100 C. 180 D.14720

850. Suppose total saving 20,000 and total income is 4,000 then calculate average propensity of saving: A. 2 B. 5 C. 20 D. 4

851. Given that total consumption is 8080 and autonomous consumption 200 what is induced consumption? A. 7000 B. 8020 C. 7880 D. 80200

852. The total population in Ethiopia in 2010 was 800,44,000 out of this 65% children and 7% old aged what was the dependency ratio in the year 2010?

A. 275% B. 257.1% C. 72% D. 28%

853. Assume supply function has a form Q= a+bpconsiders two points (10, 0.75) and (14.1) which are on the supply curve. Then what is b=?

A. 17 B. 14 C. 4 D. 16 E. all

854. Given capital change is (23,60) and labor change is (15,20) then, what is an isoquant? A. 7.4 B. 37/5 C. 5 D. A and B

855. If total revenue 10,000 birr and economic cost is 800 birr what is economic profit? A. 200 B. 9200 C. 8000 D. 10200

856. If export is 500,000 and import is 300,000 what is net export?

A. 100,000 B. 2000,000 C. 200,000 D.800,000

857. Given nominal GDP is 7000 and real GDP is 2500 then what GDP deflator? A. 200 B. 28 C. 280 D. 820

858. Suppose real $GDP_{2005}$is 485,269 and real GDP_{2004} is 447,252 then what is economic growth rate? A. 8.00B. 9.50 C. 8.50 D. 10.00

859. If gross domestic product is 100,000,000 and depreciation is 5,000,000then what is net domestic product? A. 95X16 B. 95X1000,000 C. 95000,000 D. all of the above

860. Given net national product is 88286 and indirect business tax is 2624 then calculate national income? A. 85,662 B. 85,226 C. 85,262 D. 852.620

861. Suppose GNP is 60,000 and total population 500 then find per capita GNP? A.120 B. 102 C. 210 D. 1200

862. If employed number is 72000 and labor force is 8000 then calculate employment rate? A. 80 B. 70 C. 100 D. 90

863. Supposecost of basket market in 2000 and888 for 2001 and 2002, then consumer price index (CPI)? A. 100 B. 88800 C. 11100 D. all

864. Given CPI for market basket is given as 417 and 783 respectively for year 2004 and 2005, the inflation rate or II in 2005 is? A. 88.76 B. 87.76 C. 76.86 D. 89

865. If real GDP is 20,000 and potential GDP 34000 what is the percentage of output gap? A. 17.41 B. 41.17 C. 14.17 D. 71.17

866. Suppose VA generated is 360,000 and number of people employed is 24,000 then what VAPPE? A. 8.5 B. 5.2 C. 2.5 D. 25

Calculate price elasticity of supply depending on the following data

Price (birr)	Total revenue (birr)	Quantity (units)
8	A=?	28
12	B=?	42

867. What is total revenue for A. 12 B. 224 C. 42 D. 28

868. The price elasticity of supply is? A. 1 B. 42 C. 28 D. 4

869. The total revenue for B is? A. 282 B. 405 C. 504 D. 540

870. When we calculate quantity units for A? A. 28 B. 42 C. 8 D. 12

Find the following by depending on the table below from questions 871-875

Output (units)	TC (Birr)	TFC (Birr)	TVC=TC-TFC (Birr)	AVC=TVC/Q (Birr)	MC=DTC/DQ (Birr)
0	80	80	0	-	0
1	400	180	A-?	220	D?
2	550	280	270	C= ?	
3	750	380	B?	123.3	E?

871. Based on the above table what is total variable cost of letter A?

A. 200 B. 230 C. 220 D. 00

872. Depending on the given table the TVC on letter B will be:
A. 270 B. 550 C. 280 D. 135

873. From the table given on letter C, average variable cost is-:
A. 270 B. 135 C. 220 D. 200

874. Which is marginal cost of letter D? A. 400 B. 80 C. 320 D. 1

875. Based on the given table letter E is? A. 750 B. 550 C. 200 D. 300

876. If total cost 60,000 and total revenue is 122,550 what is total profit?
A. 62,000 B. 60,000 C. 180,000 D. 122,000

877. Suppose price is 650 and quantity 45.5 then what is total revenue?
A. 29,755 B. 29,575 C. 5775 D.7575

878. Suppose income is 400 birr and saving is birr 50 what is average propensity to save (APS)=? A. 0.5 B. 1/8 C. 0.125 D. B and C

879. If normal GDP is 4000,000 and price index of current year 2012 is 800 what is real GDP? A. 5000 B. 500 C. 40,000 D. 4000

880. Given income is 2000 and consumption 200 what is average propensity to consume? A. 0.2 B. 10 C. 0.4 D. 0.1

881. If consumption 600,600 and income 100,200 what is marginal propensity to consume? MPC=? A. 54 B. 45 C. 50 D. 64

882. Given disposable income is Birr 1000 and consumption expenditure is Birr 750, what is APS? A.25% B. 0.25 C. ¼ D. all

883. India produce 20 units of corn and Ethiopia produce 100 units of coffee then what is relative productivity of ratios for coffee? A. 2 B. 25 C. 5 D. all

884. If fixed cost is 20,000; selling price is 8000, and variable cost per unit is 6000 what is break-even point? A. 20 B. 10 C. 15 D. 2000

Price the following from question 885-887 depending on the given below!

- Desired rate return 60%
- Estimated investment required 100,000,000
- Estimated sales 12,000
- Estimated unit cost Birr 2000

885. Describe profit volume is? A. $6X_{10}^{6}$ B. $10X_{10}^{4}$ C. $6X_{10}^{5}$ D. 60,000,000

886. Profit per unit is? A. 5000 B. 500 C. 50 D. 5

887. Unit selling price? A. 602,000 B. 2000 C. 6000,2000 D. 6000

888. If liabilities are 100,000 and capital is 10,000 what is assets?
A. 110,000 B. 20,000 C. 11,000 D. 10,000

889. If P, is 2000,000, r, is 80% t, is 5 years what is interest?
A. $10X_{10}^6$ B. 1000,000 200,000 D. A and B

890. Suppose, given gross-value of output of the small-scale industry the year 2004 be 900,000,000 and raw material is 15,000,000 million what will be the value added at factor cost? A. 885,000,000 B. 88500,000
C. 915,000,000 D. 100,000,000

891. One of the following is basic need? A. food B. cloth C. shelter D. all

892. Wants comes before needs. A. true B. false C. unknown

893. One of the following is consumer goods. A. bars of soaps B. candies
C. sugar and salt D. all

894. Which of the following is small enterprise? A. repair shops and barber shops B. retail shops and pottery C. wood and metal work D. all E. C and B

895. Of the following one is large enterprise:- A. bank and insurance companies B. private and state university C. manufacturing automobiles D. all of the above

896. One is a good:- A. communication B. transportation C. insurance
D. machinery

897. One of the following is unique from the rest:- A. commerce B. trade
C. merchant D. insurance

898. One is un related to the other:- A. wage B. finance C. price D. cost

899. The following is an example of specialty goods except:-
A. prestige automobile B. perfumes C. diamonds D. shoes

900. The preferences of something that are learned during a person's is called:
A. needs B. goods C. wants D. shelter

901. One of the following is dissimilar with the rest:- A. trousers B. sweaters
C. T-shirt D. fine Jewelry

902. The word businesses come from _____ work. A. buying B. selling
C. house hold D. busy

903. The activity of making buying, selling, supplying goods or services for money is said to be:- A. market B. business C. shelter D. transportation

904. The basic forces that move a person to do some thing is known as:-
A. wants B. insurance C. needs D. trade

905. One of the following is the language of business:- A finance B. commerce C. trade D. accounting

906. The management of money is said to be:- A. finance B. buying
C. selling D. accountant

907. The need for self-growth and self-expression is known as:-
A. personal needs B. individual needs C. private needs D. all E. A and C

908. The three major division of business of the world are:-
A. commerce, trade, insurance B. industry, commerce and trade
D. industry, wants and needs

909. The system of exchanging commodity with commodity in cultural trade in called:- A. bartering B. selling C. buying D. all

910. Which of the following tax applied only to wages and salaries?
A. consumption tax B. corporate income tax C. payroll tax D. general sales tax

911. Security and Medicareare provided by:- A. government insurance
B. social insurance finance C. economic, insurance D. all except B

912. An act of buying and selling is said to be:- A. market B. commerce
C. transaction D. bartering

913. The relationship between business with nature is:-
A. technical environment B. physical environment C. globalization D. all

914. The most dynamic force that shapes the destiny of business enterprise is called:- A. technology B. automation C. afforestation D. industry

915. The legal area that governs the relations of people in transactions is said to be:- A. industry B. business law C. ecology D. botany

916. The modern extension of mechanization is known as:- A. automation
B. technology C. industry D. globalization

917. The production of goods from raw materials in factory is said to be:-
A. business B. industry C. globalization D. all

918. The first application of robots were takes place on:- A. hot B. dirty C. heavy work D. all

919. One of the following is indirect tax:- A. turnover B. excise C. A and B D. all

920. One is tax imposed on company:- A. pollution B. head C. poll D. lump-sum

921. One of the following is tax on an individual wealth:- A. tariffs B. general sales C. property D. gift

922. One is unique form the rest:- A. assembly B. analytical C. extractive D. fabrication E. none

923. The use of machine to do work previously done by the people is:- A. automation B. ecology C. mechanization D. tariff

924. The link between producers and consumers is said to be:- A. tariffs B. intermediaries C. pipeline D. trade work

925. The duty tax levied on exported or imported goods are known as:- A. tariffs B. trade C. quota D. none

926. A type of transportation which deliver oil and natural gas is said to be:- A. pipeline B. air C. lorry D. cart

927. One of the following is an example of trade mark:- A. device B. symbol C. name and any word D. all

928. The major function of banking is:- A. debit provision B. credit provision C. expense provision D. lose provision

929. Which of the following is variable resource? A. building B. installation C. machinery D. A and C

930. One of the following is a transformation of imputes in to output:- A. rotation B. promotion C. production D. protection

931. One is association in society:- A. mutual aid B. burial C. MahiberD. Idir E. all

932. The money that is kept in bank for safe keeping is:- A. Reduction B. deposit C. breakeven point D. credit

933. The bank which the check is drawn is:- A. salary B. payee C. draweD. casher

934. A fixed periodical payment is said to be:- A. payee B. salary C. draweeD. profit

935. The accountant of business are known as: A. drawers B. payer C. finance D. all

936. One of the following is both government and bankers bank:-
A. Abyssinia B. CBE C. Awash D. National bank
937. The reward for capital is said to be:- A. rent B. interest C. profit D. expense
938. A person who the bank ordered to pay a cash is called:-
A. drawee B. payee C. salary D. prolong
939. An order to bank to release the amount of money specified is said to be:-
A. deposit B. payee C. check D. dower
940. Which one of the following bank is incorporated as Share Companyon December 16, 1963? A. Wegagen B. Awash C. Commercial D. Dashine
941. The first private bank in Ethiopia is:- A. Awash B. Nib
C. National D. commercial
942. The modern bank of Ethiopia is began in:- A. 1905 B. 1948 C. 1963 D. 2012
943. The primitive society barter of 525 A. D is:- A. Amole B. salt bar
C. gold and cloth D. Iron bars E. all
944. One of the followingis related to export orimport shipments?
A. cargo B. pipeline C. air D. buffalos
945. Which security is returned to the customer when the obligation is fulfilled? A. capital B. collateral C. confidence D. capacity
946. Of the following deposit which one is a claim against a bank? A. supply B. demand C. expense D. credit
947. The salt bar is called:- A. amole B. Iodized salt C. cartridgeD. all
948. Which one of the following is the medium of exchange during emperor Menelik of 1994 as forms of money? A. dollar B. Thaler C. Gold D. Iron bars
949. The Maria Therese dollar was continued issuing it until1858 by:-
A. Italians B. Ethiopians C. Austrians D. Indians
950. One of the following is very popular in articles of exchange?
A. Menelik'sThaler B. Austria during reign of Maria Theresa
C. Middle East D. the Maria Theresa
951. Which of the following is a characteristic of money?
A. acceptability B. divisibility C. portability and Durability D. homogeneity E. all

952. The basis for money to be universally acceptable and serve as a measure of value is:- A. Homogeneity B. portability C. durability D. divisibility

953. One of the following is function of money:- A. standard of value B. medium of exchange C. store of value D. standard of deferred payments E. all

954. The alternative source of capital for investment are:- A. equity financing B. owners' contribution C. debit financing D. all

955. One of the following not classification of bank loan? A. short term B. middle term C. over draft D. long term E. none

956. If principal is 2000, and interest is 450 what is maturity value? A. 4250 B. 2450 C. 42500 D. 650

957. A written pledge to lenders stating the borrower's intention to repay a loan is known as:- A. loan B. bond C. cash D. credit

958. One of the following are sold in denomination:- A. V-bills B. M-bills C. T-bills D. B-bills

959. One is the primary factor of credit granting:- A. character B. capacity C. capital D. collateral and confidence E. all

960. The modern and the first bank of Ethiopia is:- A. Abyssinia B. Awash C. Commercial D. Nib E. Enat

961. One is principle of insurance:- A. subrogation B. Indemnity C. Insurable interest D. good faith E. all

962. All the tools and methods available for production is said to be:- A. technology B. Morphology C. Taxonomy D. Zoology

963. One is factor of production:- A. natural resources B. labor C. capital D. entrepreneurship E. all

964. The key factors of production that combine other factors is said to be:- A. capital B. entrepreneurs C. natural resource D. none

965. Which one is not correct? A. the reward for capital is interest B. the reward for land is rent C. the return for labor factor is wages and salaries D. the return for entrepreneur is profit E. none

966. One is the measurement of behavioral quantities of an entrepreneur:- A. perceptive and presumptuous B. persistent and persuasive D. purposeful E. all

967. The corresponding set of management is called:-
A. rule B. operation management C. layers D. principles

968. A classic examples of modeler is:- A.layer B. uppersC. lowers D. singers

969. The process of bringing together creative and innovative ideas and actions is said to be:- A. worker ship B. leadership C. entrepreneurship D. relationship

970. The modern form of insurance services to Ethiopia is initially introduce by:- A. France B. Europeans C. Indians D. Sudanian

971. Which one is a fundamental principle of insurance? A. good faith B. insurable interest C. indemnity D. subrogation E. all of the above

972. A time between issue and repayment date of the bond is said to be:-
A. maturity date B. immaturity date C. paying D. all

973. The most common long-term loan is:- A. cartilage B. botalege C. mortgage D. bondage

974. An association in society for mutual aid and burial is known as: -
A. idir B. Equb C. mahibr D. none

975. The rotating of credit in society is said to be:- A. Ekub B. Idir C. Risk D. policy

976. A chiefly groups of traits and moral quality is called:- A. subrogation B. character C. individual D. all

977. One of the following is unfortunately occur? A. risk B. tolerance C. obligation D. portability

978. One of the following is state bank:- A. NB B. CB C. WB D. all

979. Which county is the owner of Abyssinia bank during it's establishment in Ethiopia? A. France B. Britain C. England D. B and C E. ALL

980. A skill of job that a person develops over a long period of time is known as:- A. career B. crazy C. carts D. all

981. One of the following is entrepreneurial trait:- A. self-control B. self-confidence C. sense of urgency D. realism E. all

982. Which one is motivation to start business? A. passion B. creating value C. changing the world D. being in control and money E. all

983. One is not kind of entrepreneur:- A. modelers B. marketers C. innovators D. all E. none

984. The movement of goods and persons from place to place is said to be:- A. migration B. immigration C. transportation D. all

985. Presenting products on customers' computer screens is known as:- A. vending B. online retailing C. machines D. calling

986. The using of the telephone to perform marketing related activities is called:- A. catalog B. telemarketing C. direct marketing D. none

987. One of the following means selling going directly to customers' home for sale is:- A. party plan B. door-to-door C. indirect sale D. all

988. A sale presentation by inviting host and friends is said to be:- A. party plan B. home – sale parties C. A and B D. none

989. Barber shops, drug stores, dry cleaner, laundry and self-service are:- A. regional shopping B. community shopping C. neighborhood shopping D. central business district

990. The final linkage between producers and consumers is:- A. departments B. retailers C. broker D. peasants

991. One of the following represents either a buyer or seller? A. retailer B. seller C. buyer D. broker E. none

992. One of the following represents only sellers:- A. broker B. retailer. C. agent D. channels

993. One of the following is incorrect channel:- A. Producer → Agent→ Wholesaler →Retailer →Consumer B. Retailer→ producer → consumer C. producer → consumer D. all

994. One is direct channel:- A. agent to consumer B. consumer to producer C. producer to consumer D. retailer to wholesaler

995. The simplest pricing method is:- A. cost plus pricing B. cost plus buying C. cost plus producing D. none of the above

996. The amount of money charged for a product and sum of all values of services is said to be:- A. goods B. service C. price D. all

997. The slowest form of transportation is:- A. water ways B. cargo ships C. market D. all E. A and B

998. A philosophy of marketing management is known as:-
A. Adam smith B. Kolter C. Albert D. Dalton

999. The biggest mode of transport between one country to another country is called:- A. Airplane B. Pipelines C. Sea transport D. lorry

1000. A highly specialized mode of transportation is the world is:
A. Air plane B. Pipelines C. car D. Ship

1001. The mechanism that brings buyers and sellers of product together is known as:- A. Retailer store B. Market C. food D. stock broker

1002. The fastest and the expensive mode of transportation in the world is called:- A. pipeline B. air transportation C. sheep D. V-eight

Good Luck !!!

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Formulas

1. The formula of opportunity cost = $\frac{\text{change in consumer goods}}{\text{change in capital goods}}$ $\%\frac{\Delta Q}{\Delta xP}X\ \frac{P}{Q}$
2. The formula price elasticity of demand Ed= $\frac{\Delta Q}{\Delta P}$
3. The formula for measuring price elasticity of supply = $\frac{\%\Delta Q}{\%\Delta P}\ X\frac{P}{Q}$
4. Average variable = $\frac{VC}{Q}$ or AC – AFC, $\frac{TVC}{Q}$
5. Average cost = AFC + AVC or $\frac{TC}{Q}$
6. Total cost = TFC + TVC
7. Marginal cost = $\frac{\Delta TVC}{\Delta Q}$
8. Average fixed cost = $\frac{TFC}{Q}$
9. Average total cost = AFC + AVC or $\frac{TC}{Q}$
10. Fixed cost = TC-TVC
11. Marginal product of labor = MPL = $\frac{\text{wage}}{\text{marginal cost in units of outputs}} = \frac{W}{MC}$
12. Formula for least cost rule: $\frac{MPL}{PL} = \frac{MPL}{PK}$
13. Formula for cost minimization rule = : $\frac{K}{L}$ or $\frac{W}{r}$
14. Marginal revenue = $\frac{\Delta TR}{\Delta Q}$
15. Average revenue = $\frac{TR}{\Delta Q}$
16. Profit = TR – TC
17. Unemployment rate = $\frac{\text{Number of unemployed}}{\text{Labor face}}$X100
18. Labor force participation rate = $\frac{\text{Labor face}}{\text{population}}$X100
19. Employment – to – population ratio = $\frac{\text{employe}}{\text{working age}}$X100

20. Labor force = employed plus (+) unemployed.
21. Inflation rate = nominal rate minus real interest rate.
22. Real interest rate = nominal interest rate minus inflation rate.
23. CPI = $\frac{\text{cost of the market basket in year t}}{\text{cost of the market basket in base year}}$X100
24. Formula to find GDP = C+I+G+NX
25. Formula to find NDP = GDP +NFI
26. Depreciation = gross investment – net investment
27. NDP=GDP-Depreciation.
28. Net export = GDP-C+GI+G purchase of goods and service
29. Net export = GDP-(C+I+G)
30. Real GDP= $\frac{\text{Nominal GDP}}{\text{price index}}$X100
31. GDP= price times quantity of output.
32. Nominal GDP= quantity of output times price.
33. Real GDP = $\frac{\text{NGDP}}{\text{PI}}$X100
34. NGDP= RGDP x PI
35. Average propensity to consume (APC) = $\frac{\text{Total consumtion}}{\text{Total income}}$or APC = $\frac{\text{C}}{\text{yd}}$
36. Marginal propensity to consume = $\frac{\text{Change of consumtpion}}{\text{change of yd}}$or MPC = $\frac{\Delta\text{C}}{\Delta\text{DI}}$
37. Formula for saving = disposable income – consumption or (DI-C)
38. Formula for propensity to save (APS) = $\frac{\text{Total saving}}{\text{Total income}}$
39. Induced consumption = total consumption – autonomous consumption.
40. Total consumption = autonomous consumption + induced consumption.
41. Dependency ratio = $\frac{\text{Children+old aged}}{\text{Economically active age group adult}}$X100

42. The formula for opportunity cost =

$$\frac{\text{units or value of sacrificed opportunity}}{\text{units or value of gained opportunity}-\text{capital}}$$

43. Formula for slope of an isoquant = $\frac{\text{vertical change}}{\text{horizontal change}}$ $\frac{\Delta K}{\Delta L}$ or $\frac{\text{capital change}}{\text{labor change}}$

44. A total money out lay = total cost of labor + total cost of capital.

45. A slope of Isoquant line = $\frac{\text{change in capital}}{\text{change in labor}}$

46. Economic profit = total revenue – economic cost.

47. Net export = export - imports. Or (NX=X-M).

48. GDP deflator = $\frac{\text{normal GDP}}{\text{real GDP}}$X100

49. Economic growth rate = $\frac{\text{change in real GDP}}{\text{real GDP in initial year}}$X100

50. Net domestic product = Gross domestic product – Depreciation.

51. National income = net national product – indirect business tax.

52. Per capita GNP = $\frac{\text{GNP}}{\text{Total population}}$

53. Employment rate =$\frac{\text{employed}}{\text{labor force}}$ X100

54. Percentage of output gap = $\frac{\text{real GDP potential GDP}}{\text{potential GDP}}$X100

55. Value added per person employed (VAPPE) =

VAPPE= $\frac{\text{value added generated in a given period}}{\text{number of people employed during the same period}}$

56. Marginal revenue (MR)= $\frac{\Delta TR}{\Delta Q}$, MR= $\frac{\Delta TR}{\Delta(Q)}$= $\frac{\Delta(PXQ)}{\Delta(Q)}$=P

57. Total profit = TR – TC

58. Total revenue = price times quantity or TR= PXQ.

59. Marginal propensity to save = $\frac{S}{Yd}$ *or* $\frac{saving}{income}$

60. Average propensity to save - $\frac{\text{saving}}{\text{Yd (disposable income}}$

61. Relative productivity = unit cost plus unit profit.
62. Selling price = unit cost plus unit profit.
63. Profit per unit = $\frac{\text{desired profit volume}}{\text{Estimated sales}}$
64. Desired profit volume = desired rate of return X estimated investment required.
65. Assets = liabilities + capital
66. Interest = prt
67. The value added at factor cost = gross = value of output – value of raw materials or intermediate inputs.
68. Money supply = demand deposits in banks plus currency.
69. Maturity value = principal + interest.
70. Breakeven point = $\frac{fixed\ cost}{\text{unit price}-\text{variable cost}}$ or $\frac{FC}{up-vc}$
71. Money supply = demand deposits in a bank plus currency.
72. Opportunity cost of good = $\frac{\Delta T}{\Delta g}$
73. Demand function = Qd = f(p)
74. Market supply function = Qsm= (2pm) 100
75. The slope of demand curve = $\frac{\text{vertical difference}}{\text{horizontal difference}} = \frac{\Delta P}{\Delta Q}$
76. Income elasticity of demand = [EI] = $\frac{\%\Delta Qd}{\%\Delta QI}$
77. Price elasticity of supply = ES= $\frac{\%\Delta Qs}{\%\Delta P}$
78. Marginal utility = MU= $\frac{\Delta TU}{\Delta Q}$
79. MRS = $\frac{\Delta y}{\Delta x}$(for MRS $_X$ for y)
80. Average product = AP = $\frac{TP}{L}$
81. Marginal product = MP = $\frac{\Delta TP}{L}$

82. Marginal rate of technical substitution = MRTS of capital for labor = $\frac{\Delta L}{\Delta C}$
83. Economic cost = explicit costs + implicit costs.
84. Accounting profit = TR – accounting cost.
85. Gross investment = net investment + Depreciation.
86. National income = NI = ND + NFI – indirect business tax.
87. NDP = GDP – Depreciation.
88. Disposable income = C + S or DI = C +S.
89. DI = PI – Personal taxes.
90. GDP = C + Ig + G + (X – M)
91. Aggregate demand = C + I + G +XnOr AD = C + I + G + (X – M).
92. Natural increase of population = birth rate – death rate per 1000.
93. Natural decrease of population = Death rate – birth rate per 1000.
94. Age dependency ratio = $\frac{\text{Number of dependent population}}{\text{Number of independent population}}$
95. Sex ratio = $\frac{\text{male population}}{\text{female population}}$X 100
96. Salary income tax = earnings per tax range X tax rate.
97. Total tax = output – input tax.
98. Business profit tax = business net profit per year – taxable income % (given percentage).
99. Rental income tax = $\frac{\text{Net profit per–year}}{taxiable\ income}$% (given percentage).
100. Total assets = cash on hand + personal property.

Good Luck !!!

Prepared by: *- Economics & General Business Teacher of Burka Nono Secondary and Preparatory School of 2011-2012 E.C*

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Answers for questions of grade 11 and 12

1. C
2. B
3. D
4. D
5. C
6. B
7. C
8. A
9. C
10. D
11. B
12. D
13. D
14. B
15. C
16. B
17. A
18. B
19. D
20. E
21. D
22. C
23. A
24. B
25. D
26. D
27. D
28. C
29. D
30. E
31. D
32. C
33. D
34. C
35. D
36. B
37. A
38. C
39. D
40. C
41. B
42. D
43. C
44. C
45. C
46. B
47. B
48. D
49. D
50. B
51. B
52. E
53. C
54. C
55. E
56. A
57. D
58. D
59. A
60. B
61. B
62. D
63. A
64. E
65. B
66. D
67. A
68. A
69. B
70. B
71. D
72. E
73. A
74. B
75. A
76. B
77. B
78. B
79. E
80. E
81. E
82. B
83. E
84. D
85. C
86. A
87. B
88. C
89. B
90. C
91. C
92. B
93. A
94. B
95. A
96. B
97. D
98. C
99. D
100. B
101. C
102. D
103. C
104. C
105. B

106.E 131.D 156.A 181.D 206.E 231.B 256.C 281.D

107.A 132.A 157.D 182.C 207.C 232.D 257.D 282.A

108.B 133.D 158.A 183.A 208.C 233.A 258.E 283.C

109.C 134. A 159.A 184.C 209.B 234.D 259.B 284.D

110.B 135. B160.B 185.B 210.D 235.A 260.B 285.A

111.A 136.E 161.C 186.A 211.A 236.D 261.D 286.A

112.B 137.D 162.E 187.C 212.E 237.A 262.B 287.B

113.E 138.E 163.C 188.E 213.D 238.A 263.A 288.B

114.B 139.C 164.B 189.D 214.A 239.A 264.E 289.D

115.D 140.E 165.C 190. A 215.B 240.A 265.A 290.C

116.E 141.B 166.C 191.B 216.B 241.E 266.C 291.B

117.A 142.D 167.D 192.C 217.A 242.A 267.D 292.C

118.E 143.C 168.E 193.E 218.B 243.E 268.B 293.B

119.B 144.D 169.B 194.D 219.E 244.D 269.C 294.C

120.B 145.D 170.A 195.B 220.A 245.E 270.D 295.A

121.A 146.D 171.C 196.C 221.E 246.A 271.D 296.A

122.D 147.C 172.D 197.E 222.E 247.B 272.B 297.B

123.A 148.C 173.E 198.D 223.C 248.D 273.B 298.C

124.B 149.B 174.D 199.B 224.C 249.A 274.D 299.A

125.A 150.E 175.A 200.B 225.D 250.B 275.C 300.B

126.A 151.A 176.C 201.A 226.D 251.A 276.A 301.E

127.B 152.B 177.D 202.B 227.D 252.D 277.B 302.D

128.D 153.E 178.A 203.C 228.B 253.A 278.B 303.A

129.B 154.D 179.D 204.A 229.C 254.C 279.E 304.B

130.A 155.E 180.B 205.D 230.D 255.E 280.D 305.C

106.E 131.D 156.A 181.D 206.E 231.B 256.C 281.D

107.A 132.A 157.D 182.C 207.C 232.D 257.D 282.A

108.B 133.D 158.A 183.A 208.C 233.A 258.E 283.C

109.C 134. A 159.A 184.C 209.B 234.D 259.B 284.D

110.B 135. B160.B 185.B 210.D 235.A 260.B 285.A

111.A 136.E 161.C 186.A 211.A 236.D 261.D 286.A

112.B 137.D 162.E 187.C 212.E 237.A 262.B 287.B

113.E 138.E 163.C 188.E 213.D 238.A 263.A 288.B

114.B 139.C 164.B 189.D 214.A 239.A 264.E 289.D

115.D 140.E 165.C 190. A 215.B 240.A 265.A 290.C

116.E 141.B 166.C 191.B 216.B 241.E 266.C 291.B

117.A 142.D 167.D 192.C 217.A 242.A 267.D 292.C

118.E 143.C 168.E 193.E 218.B 243.E 268.B 293.B

119.B 144.D 169.B 194.D 219.E 244.D 269.C 294.C

120.B 145.D 170.A 195.B 220.A 245.E 270.D 295.A

121.A 146.D 171.C 196.C 221.E 246.A 271.D 296.A

122.D 147.C 172.D 197.E 222.E 247.B 272.B 297.B

123.A 148.C 173.E 198.D 223.C 248.D 273.B 298.C

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118.E 143.C 168.E 193.E 218.B 243.E 268.B 293.B

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307.B 332.D 357.B 382.A 407.A 432.B 457.B 482.B

308.B 333.C 358.D 383.A 408.E 433.A 458.C 483.C

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928.B 953.E 978.D

929.D 954.D 979.D

930.C 955.E 980.A

Answers for Econ and G.Bus.Ed, of Grade 11^{th}-12^{th} ^{2012}EC at Burka Nono 2ry School Burayu(Ashewa-Meda) pr. by TemesgenTerfasa Keno(Econ&G.Bus.Teacher:0910559815)