

Economics Grade-9

Unit -1

Meaning of Economics

1. What is the primary focus of economics?

- o A) Study of plants and animals
- o B) Study of human behavior in relation to resources
- o C) Study of physical sciences
- o D) Study of mathematical theories

Answer: B

2. Economics can best be described as the study of:

- o A) Wealth and money
- o B) Scarcity and choice
- o C) Government policies
- o D) Business management

Answer: B

3. Which of the following is NOT a basic economic problem?

- o A) Scarcity
- o B) Choice
- o C) Distribution
- o D) Abundance

Answer: D

Branches of Economics

4. Which branch of economics studies the behavior of individual consumers and firms?

- o A) Macroeconomics
- o B) Microeconomics
- o C) International Economics
- o D) Development Economics

Answer: B

5. Macroeconomics primarily deals with:

- o A) Individual market transactions
- o B) National and global economic issues
- o C) Consumer preferences
- o D) Business strategies

Answer: B

6. Which branch of economics focuses on trade between countries?

- o A) Microeconomics
- o B) Macroeconomics
- o C) International Economics

- o D) Agricultural Economics

Answer: C

Methods and Approaches of Studying Economics

7. What is the primary method used in economics to test theories?

- o A) Experimental method
- o B) Historical method
- o C) Statistical method
- o D) Observation method

Answer: C

8. Which approach in economics focuses on positive statements?

- o A) Normative approach
- o B) Positive approach
- o C) Empirical approach
- o D) Theoretical approach

Answer: B

9. The normative approach in economics is concerned with:

- o A) What is
- o B) What ought to be
- o C) Quantitative analysis
- o D) Consumer behavior

Answer: B

Decision-Making Units

10. Which of the following is considered a decision-making unit in economics?

- o A) Government
- o B) Households
- o C) Firms
- o D) All of the above

Answer: D

11. Households in an economy primarily:

- o A) Produce goods
- o B) Consume goods
- o C) Regulate markets
- o D) Create policies

Answer: B

12. Firms are decision-making units that primarily:

- o A) Consume resources
- o B) Produce goods and services
- o C) Allocate resources
- o D) Regulate the economy

Answer: B

More Questions

13. **What is the main objective of firms in an economy?**

- o A) To provide jobs
- o B) To maximize profits
- o C) To regulate prices
- o D) To conserve resources

Answer: B

14. **Which of the following reflects the concept of opportunity cost?**

- o A) The total cost of production
- o B) The next best alternative foregone
- o C) The fixed costs incurred
- o D) The benefits gained from a choice

Answer: B

15. **What does the production possibility frontier (PPF) illustrate?**

- o A) The maximum output combinations of two goods
- o B) The total cost of production
- o C) The demand and supply in a market
- o D) The profits of firms

Answer: A

16. **What role does the government play in the economy?**

- o A) Solely a consumer
- o B) Regulator and provider of public goods
- o C) Only a producer
- o D) None of the above

Answer: B

17. **In economics, which term describes an economic agent's ability to make choices?**

- o A) Scarcity
- o B) Utility
- o C) Rationality
- o D) Demand

Answer: C

18. **Which of the following is a characteristic of a market economy?**

- o A) Central planning by the government
- o B) Private property rights
- o C) No competition
- o D) Fixed prices

Answer: B

19. **What is the purpose of economic models?**

- o A) To describe every real-world scenario
- o B) To simplify complex economic processes
- o C) To predict future events with certainty

- o D) To replace actual data
Answer: B
- 20. **What is the term for the satisfaction gained from consuming a good or service?**
 - o A) Profit
 - o B) Utility
 - o C) Value
 - o D) Cost**Answer: B**

Further Questions

- 21. **Which of the following is a factor of production?**
 - o A) Money
 - o B) Labor
 - o C) Demand
 - o D) Supply**Answer: B**
- 22. **What does elasticity of demand measure?**
 - o A) Change in quantity demanded due to price changes
 - o B) Total demand in the market
 - o C) Consumer preferences
 - o D) Supply levels**Answer: A**
- 23. **What is a public good?**
 - o A) A good sold in the market
 - o B) A good that is non-excludable and non-rivalrous
 - o C) A good only available to the government
 - o D) A good produced by private firms**Answer: B**
- 24. **Which of the following is NOT a reason for government intervention in the economy?**
 - o A) To correct market failures
 - o B) To promote equity
 - o C) To increase competition
 - o D) To eliminate all businesses**Answer: D**
- 25. **What is the role of prices in a market economy?**
 - o A) To eliminate competition
 - o B) To allocate resources efficiently
 - o C) To set government regulations
 - o D) To determine wages only**Answer: B**
- 26. **Which term describes a situation where demand exceeds supply?**
 - o A) Surplus

- o B) Equilibrium
- o C) Shortage
- o D) Stability
- Answer: C**
- 27. **What is the primary goal of economic policies?**
 - o A) To ensure equal income for all
 - o B) To achieve economic growth and stability
 - o C) To eliminate all forms of taxation
 - o D) To reduce government spending**Answer: B**
- 28. **What does GDP stand for?**
 - o A) Gross Domestic Product
 - o B) General Demand Price
 - o C) Government Distribution Plan
 - o D) Global Development Partnership**Answer: A**
- 29. **Which of the following best describes inflation?**
 - o A) A decrease in overall price levels
 - o B) An increase in overall price levels
 - o C) A constant price level
 - o D) A measure of economic growth**Answer: B**
- 30. **What is the significance of the circular flow model in economics?**
 - o A) It shows the relationship between supply and demand
 - o B) It illustrates how money moves through the economy
 - o C) It explains the concept of opportunity cost
 - o D) It analyzes consumer preferences**Answer: B**

Unit -2

Basic Economic Problems

1. **What is scarcity?**
 - o A) Unlimited resources
 - o B) Limited resources to meet unlimited wants
 - o C) Abundance of goods
 - o D) None of the above**Answer: B**
2. **Which of the following is a basic economic problem?**
 - o A) Distribution
 - o B) Production
 - o C) Consumption

- o D) All of the above

Answer: D

3. What does opportunity cost refer to?

- o A) The cost of production
- o B) The value of the next best alternative forgone
- o C) The total cost of goods
- o D) None of the above

Answer: B

4. Which question does not belong to the three basic economic questions?

- o A) What to produce?
- o B) How to produce?
- o C) For whom to produce?
- o D) When to produce?

Answer: D

5. What is the main reason for economic problems?

- o A) Natural disasters
- o B) Scarcity of resources
- o C) Government policies
- o D) High population

Answer: B

6. When resources are allocated efficiently, it means:

- o A) Resources are wasted.
- o B) More goods are produced.
- o C) Resources are used to maximize satisfaction.
- o D) Prices are low.

Answer: C

7. Which of the following is not a factor of production?

- o A) Land
- o B) Labor
- o C) Capital
- o D) Money

Answer: D

8. What does the term "production possibilities frontier" (PPF) illustrate?

- o A) The cost of production
- o B) The maximum output possibilities for two goods
- o C) The demand for goods
- o D) None of the above

Answer: B

9. Which of the following best describes economic efficiency?

- o A) Maximizing production
- o B) Minimizing costs
- o C) Allocating resources to produce goods that are most wanted
- o D) Increasing prices

Answer: C

10. **What happens to opportunity cost when a decision is made?**

- o A) It decreases
- o B) It increases
- o C) It remains the same
- o D) It becomes zero

Answer: B

Economic Systems

11. **Which of the following is a characteristic of a traditional economy?**

- o A) Market-driven
- o B) Based on customs and traditions
- o C) Governed by a central authority
- o D) Highly industrialized

Answer: B

12. **What is a command economy?**

- o A) An economy where supply and demand dictate production
- o B) An economy controlled by the government
- o C) An economy based on agriculture
- o D) None of the above

Answer: B

13. **In a market economy, who decides what to produce?**

- o A) The government
- o B) Consumers and producers
- o C) Traditional leaders
- o D) International organizations

Answer: B

14. **Which economic system combines elements of both capitalism and socialism?**

- o A) Traditional
- o B) Market
- o C) Mixed economy
- o D) Command

Answer: C

15. **What characterizes a capitalist economy?**

- o A) Government ownership of resources
- o B) Private ownership and free markets
- o C) Central planning
- o D) None of the above

Answer: B

16. **In a mixed economy, which of the following is true?**

- o A) Only the government makes economic decisions.
- o B) Private and public sectors coexist.
- o C) There are no regulations.

- o D) All resources are owned by the state.

Answer: B

17. **Which of the following is NOT a role of the government in a mixed economy?**

- o A) Regulation of markets
- o B) Provision of public goods
- o C) Ownership of all businesses
- o D) Redistribution of income

Answer: C

18. **What is the primary goal of a socialist economy?**

- o A) Maximum profit for businesses
- o B) Equitable distribution of wealth
- o C) High levels of consumption
- o D) Global trade expansion

Answer: B

19. **Which system is most likely to experience shortages and surpluses?**

- o A) Market economy
- o B) Command economy
- o C) Traditional economy
- o D) None of the above

Answer: B

20. **What is the main advantage of a market economy?**

- o A) Government control
- o B) Efficiency and innovation
- o C) Stability
- o D) Equal distribution of resources

Answer: B

Additional Questions

21. **What type of economy does Ethiopia primarily have?**

- o A) Market economy
- o B) Command economy
- o C) Mixed economy
- o D) Traditional economy

Answer: C

22. **What is the role of consumers in a market economy?**

- o A) To produce goods
- o B) To decide what to produce through their purchases
- o C) To regulate prices
- o D) To work for the government

Answer: B

23. **In an economy, what do we call the resources used to produce goods?**

- o A) Goods and services

- o B) Factors of production
- o C) Economic agents
- o D) Capital

Answer: B

24. **What is one disadvantage of a command economy?**

- o A) Efficient resource allocation
- o B) Lack of consumer choice
- o C) High levels of innovation
- o D) Strong competition

Answer: B

25. **Which of the following can lead to economic growth?**

- o A) Increased investment in human capital
- o B) Decreased production
- o C) Reduced trade
- o D) Lower savings

Answer: A

26. **What does "invisible hand" refer to in economics?**

- o A) Government intervention
- o B) Market forces guiding resources
- o C) Traditional practices
- o D) None of the above

Answer: B

27. **What is the effect of high taxes on economic activity?**

- o A) Increased spending
- o B) Decreased investment
- o C) Higher employment rates
- o D) None of the above

Answer: B

28. **Which economic system is most influenced by consumer preferences?**

- o A) Command economy
- o B) Traditional economy
- o C) Market economy
- o D) Socialist economy

Answer: C

29. **What is the primary function of money in an economy?**

- o A) A measure of wealth
- o B) A means of exchange
- o C) A resource
- o D) A commodity

Answer: B

30. **Which of the following is a disadvantage of a traditional economy?**

- o A) High technology use
- o B) Limited innovation
- o C) Strong community ties

- o D) Abundance of resources

Answer: B

Unit -3

Economic Resources & Markets Questions

1. What is an economic resource?

- o A) A type of currency
- o B) A factor used to produce goods and services
- o C) A place where goods are sold
- o D) A type of government policy

Answer: B) A factor used to produce goods and services

2. Which of the following is NOT considered a natural resource?

- o A) Water
- o B) Trees
- o C) Labor
- o D) Minerals

Answer: C) Labor

3. What do we call the money used to buy resources for production?

- o A) Capital
- o B) Labor
- o C) Land
- o D) Entrepreneurship

Answer: A) Capital

4. In economics, what does "supply" refer to?

- o A) The amount of goods available for sale
- o B) The desire for goods
- o C) The price of goods
- o D) The quality of goods

Answer: A) The amount of goods available for sale

5. What is "demand" in an economic context?

- o A) The total number of goods
- o B) The desire and ability to purchase goods
- o C) The amount of labor available
- o D) The production of services

Answer: B) The desire and ability to purchase goods

6. Which market structure is characterized by many sellers and buyers?

- o A) Monopoly
- o B) Oligopoly
- o C) Perfect competition

- o D) Monopolistic competition
- Answer:** C) Perfect competition

7. What happens to the price of a good when demand increases and supply remains the same?

- o A) Price decreases
- o B) Price stays the same
- o C) Price increases
- o D) Price becomes unstable

Answer: C) Price increases

8. Which of the following best describes a "market economy"?

- o A) An economy controlled by the government
- o B) An economy where decisions are made based on supply and demand
- o C) An economy based on agricultural production
- o D) An economy that is entirely self-sufficient

Answer: B) An economy where decisions are made based on supply and demand

9. What is the primary role of entrepreneurs in the economy?

- o A) To provide labor
- o B) To invest in capital
- o C) To create and manage businesses
- o D) To regulate prices

Answer: C) To create and manage businesses

10. Which factor of production involves human effort?

- o A) Land
- o B) Labor
- o C) Capital
- o D) Entrepreneurship

Answer: B) Labor

11. What is a "monopoly"?

- o A) A market with many competitors
- o B) A market dominated by one seller
- o C) A market with few sellers
- o D) A market for non-excludable goods

Answer: B) A market dominated by one seller

12. When the price of a product rises, what usually happens to the quantity supplied?

- o A) It decreases
- o B) It increases
- o C) It stays the same
- o D) It becomes unpredictable

Answer: B) It increases

13. **Which of the following is an example of a public good?**
- o A) A television
 - o B) A park
 - o C) A loaf of bread
 - o D) A smartphone
- Answer:** B) A park
14. **What is the term for the benefit received from the consumption of a good or service?**
- o A) Cost
 - o B) Utility
 - o C) Value
 - o D) Price
- Answer:** B) Utility
15. **Which type of market is characterized by a few large sellers?**
- o A) Monopoly
 - o B) Oligopoly
 - o C) Perfect competition
 - o D) Free market
- Answer:** B) Oligopoly
16. **Which of the following is a characteristic of a traditional economy?**
- o A) High technological advancement
 - o B) Production based on customs and traditions
 - o C) Centralized government control
 - o D) Dynamic market forces
- Answer:** B) Production based on customs and traditions
17. **What does "scarcity" mean in economics?**
- o A) Unlimited resources
 - o B) Limited resources in comparison to wants
 - o C) Abundance of goods
 - o D) Equilibrium of supply and demand
- Answer:** B) Limited resources in comparison to wants
18. **What is the term for the cost of the next best alternative forgone?**
- o A) Profit
 - o B) Opportunity cost
 - o C) Marginal cost
 - o D) Fixed cost
- Answer:** B) Opportunity cost
19. **Which of the following is a key feature of a free market?**
- o A) Government regulation

- o B) Consumer choice
 - o C) Price control
 - o D) Fixed wages
- Answer:** B) Consumer choice

20. **What economic system is characterized by government ownership of resources?**

- o A) Capitalism
 - o B) Socialism
 - o C) Feudalism
 - o D) Mercantilism
- Answer:** B) Socialism

21. **Which of the following factors does NOT affect demand?**

- o A) Consumer preferences
 - o B) Income levels
 - o C) Production costs
 - o D) Prices of related goods
- Answer:** C) Production costs

22. **What is the primary goal of a business in a market economy?**

- o A) To provide services
 - o B) To maximize profit
 - o C) To create jobs
 - o D) To promote equality
- Answer:** B) To maximize profit

23. **Which of the following is an example of a durable good?**

- o A) Food
 - o B) Clothing
 - o C) Car
 - o D) Newspaper
- Answer:** C) Car

24. **What is "inflation"?**

- o A) A decrease in prices
 - o B) An increase in the general price level of goods and services
 - o C) A stable economy
 - o D) A government budget surplus
- Answer:** B) An increase in the general price level of goods and services

25. **In which market do consumers purchase goods and services?**

- o A) Factor market
- o B) Product market
- o C) Financial market

- o D) Labor market
- Answer:** B) Product market

26. **Which economic indicator measures the total value of all goods and services produced in a country?**

- o A) Unemployment rate
- o B) Gross Domestic Product (GDP)
- o C) Inflation rate
- o D) Balance of trade

Answer: B) Gross Domestic Product (GDP)

27. **What is the term for a market failure caused by a lack of competition?**

- o A) Scarcity
- o B) Monopoly
- o C) Oligopoly
- o D) Externality

Answer: B) Monopoly

28. **Which of the following is a consequence of high unemployment?**

- o A) Increased consumer spending
- o B) Economic growth
- o C) Decreased production of goods and services
- o D) Increased job creation

Answer: C) Decreased production of goods and services

29. **What do we call products that are used together?**

- o A) Complements
- o B) Substitutes
- o C) Durables
- o D) Non-durables

Answer: A) Complements

30. **Which of the following is an example of a "substitute good"?**

- o A) Butter and margarine
- o B) Peanut butter and jelly
- o C) Shoes and socks
- o D) Bread and water

Answer: A) Butter and margarine