



Economics Work sheet for grade 11

A. Consumption

1. What is disposable income?
2. According to Keynes, how does consumption relate to disposable income?
3. What type of relationship does Keynes suggest exists between consumption spending and disposable income?
4. Define autonomous consumption.
5. What happens to consumption when income is zero?
6. What is induced consumption?
7. How is APC and MPC calculated?
8. If a household has an income of 4000 ETB and spends 3000 ETB on consumption, what is their APC?
9. What implication does an APC greater than 1 have for a household's financial situation?
10. What does it mean for a relationship between consumption and disposable income to be linear?
11. What is the consumption function? And summarized it briefly?
12. What factors can lead to changes in autonomous consumption?
13. What are the main determinants of consumption?
14. Explain the role of expectations about future income on current consumption.

B. Saving

1. define saving and saving function.
2. How does the consumption function relate to the savings function?
3. Explain the difference between saving and savings. Why is saving considered a flow concept while savings is a stock concept?
4. How does an increase in income affect saving behavior?
5. Describe the Average Propensity to Save (APS). How is APS calculated?
6. If a household has a disposable income of 3000 ETB and saves 600 ETB, what is its APS?
7. What is the Marginal Propensity to Save (MPS)? How is MPS calculated?
8. What does a MPS value of 0 indicate?

9. What does a MPS value of 1 indicate?
10. Why do richer individuals tend to have a higher MPS than poorer individuals?
11. List some major determinants of saving.
 - 1.1.1. How does the level of income affect saving behavior?
 - 1.1.2. Explain how income distribution impacts overall saving rates.
 - 1.1.3. What effect do expectations about future prices have on current saving?
 - 1.1.4. How does the rate of interest influence saving decisions?
 - 1.1.5. Describe the relationship between wealth levels and saving levels.
 - 1.1.6. What impact do direct taxes have on personal disposable income and savings?
 - 1.1.7. In what ways can individual characteristics influence saving behavior?

C. Investment

- 1. What does investment generally refer to in an economic context?**
- 2. How is investment defined in terms of future wealth generation?**
- 3. What is the difference between gross investment and net investment?**
- 4. What does depreciation mean in the context of capital investment?**
- 5. Why is replacement investment not considered real investment?**
- 6. What happens to net investment when gross investment exceeds depreciation?**
- 7. Define autonomous investment. How does autonomous investment relate to changes in income or profit?**
- 8. Why do governments typically engage in autonomous investment?**
- 9. What is induced investment?**
- 10. How does induced investment differ from autonomous investment?**
- 11. What factors influence induced investment?**
- 12. Describe the relationship between national income and induced investment.**
- 13. What happens to induced investment when national income increases?**
- 14. Illustrate how the demand for goods affects induced investment.**
- 15. Explain the concept of income elasticity in relation to induced investment.**
- 16. How is autonomous investment represented graphically?**
- 17. How does induced investment respond to changes in profit levels?**
- 18. What are the two main categories of investment based on who makes the investment? And defin each?**
- 19. How does public investment differ from private investment?**