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Economics, 2011 EC, social science, entrance exam

Grade 12 · Economics · 2011 E.C.

Time allowed: 120 minutes **Questions:** 30 **Total marks:** 30

Name ____________ Grade ________ ID No. ________ Date ________

1. External assistance, which a country can receive from friendly governments is: (1)

A. Multilateral assistance
B. Multilateral loans
C. Bilateral assistance
D. Unilateral assistance

2. Which one of the following statements is true? (1)

A. Real GDP is GDP at market prices at any time of the year
B. Nominal GDP is GDP measured in current market prices
C. Nominal GDP can grow only when there is growth in output
D. Real GDP can grow when prices increase

3. Which one of the following costs increases as output increases in the short run? (1)

A. Overhead cost
B. Rent of land (land cot)
C. Cost on factory building
D. Labor cost

4. Which one of the following conditions characterizes the capitalist economics system? (1)

A. Private ownership of resources is the dominant ownership type
B. There is no wastage of resources
C. There is a smooth and constant growth of the economy
D. All citizens equally benefit from economic activities

5. Which of the following statements is true about the historical development of the industrial sector in Ethiopia? (1)

A. The earliest types of industrial activities were largely confined to small-scale establishments
B. The earliest types of industrial activities were largely confined to medium-scale establishments
C. The earliest types of industrial activities were largely confined to large-scale establishments
D. The military government followed export-promotion industrialization strategy

6. Which one of the following is an expansionary monetary Policy Instrument? (1)

A. Increasing cash reserve ratio
B. Increasing bank rate
C. Decreasing money supply
D. Decreasing cash reserve ratio

7. The lowest level of investment, employment, output, income and prices during a business cycle is: (1)

A. Recession
B. Depression
C. Boom
D. Contraction

8. The greatest contribution to Ethiopia's agricultural GDP comes from the (1)

A. livestock sub-sector
B. forestry and fishery sub-sector
C. nomadic/pastoral system
D. crop-production sub-sector

9. The largest contribution of industrial products to export in Ethiopia comes from export of (1)

A. food products
B. leather products
C. chemical products
D. textile products

10. Which one of the following is true about the current account balance in international trade? (1)

A. The current account balance refers to the difference between gross domestic product and net factor income from abroad
B. The current account balance refers to the difference between the exports and imports of goods and services
C. The current account balance refers to all the transactions in financial assets and liabilities
D. The current account balance refers to all exports and imports of goods and services and unilateral transfers

11. Which one of the following is not included in current account of balance of payments? (1)

A. Trade balance
B. Capital account
C. Services account
D. Transfer account

12. A country imports more goods than it exports. This shows that: (1)

A. there is surplus trade balance
B. there is a positive balance of trade
C. there is a deficit trade balance
D. there is a favorable balance trade

13. Which one of the following is a factor that causes international trade to take place between two or more countries? (1)

A. The same income level in different countries
B. The same population size in different countries
C. The same distribution of resources between countries
D. Unequal distributions of resources

14. Which one of the following is not true about the performance of education sector in Ethiopia? (1)

A. Enrolment at secondary schools is still low compared to other countries
B. Access to education has increased over time
C. The gross enrolment rate for boys and girls is equal
D. Female enrolment at higher institution is very low

15. The law of equi-marginal utility states that a consumer gets maximum satisfaction when the __________ (1)

A. ratio of marginal utilities of all commodities is greater than its price
B. ratio of marginal utilities of all commodities is less than its price
C. ratio of marginal utilities of all commodities and their prices is equal
D. ratio of average utilities of all commodities and its prices is equal

16. Demand for a commodity will be elastic if __________ (1)

A. its price does not change
B. its consumption can be postponed
C. its consumption cannot change
D. its consumption cannot be postponed

17. Price elasticity of demand is defined as the _________ (1)

A. percentage change in quantity demanded of a commodity as a result of one percent change in price of related commodity

B. percentage change in quantity demanded of a commodity as a result of one percent change in come of the consumer

C. percentage change in quantity demanded for a commodity as a result of one percent change in its own price

D. percentage change in quantity demanded of commodity as a result of one unit change in its own price

18. Which one of the following is true about the structure of government budget? (1)

A. The government budget is an economic plan of government savings and investments

B. The government budget is a financial plan of government revenues and expenditures

C. The government budget is a financial plan of government assets and liabilities

D. The government budget is an economic plan of exports and imports

19. Individual supply schedule refers to a _________ (1)

A. tabular statement which shows the different quantities of a commodity offered for sale by an individual firm at the same price per time period

B. tabular statement which shows the different quantities of a commodity offered for sale by an individual firm at different prices at a point in time

C. tabular statement which shows the different quantities of a commodity offered for sale by an individual firm at different prices per time period

D. tabular statement which shows the different quantities of a commodity offered for sale by an individual firm at the same price at a given point in time

20. Which of the following best describes opportunity cost of producing a commodity? (1)

A. The amount of other commodities gained when producing the commodity

B. The amount of the same commodity forgone when producing the commodity

C. The amount of the same commodity gained when producing the commodity

D. The amount of other commodities forgone when producing the commodity

21. Which one of the following represents transfer income? (1)

A. Gifts and subsidies

B. Wages and salaries

C. Personal disposable income

D. Factor income

22. What is the role of the National Bank of Ethiopia? (1)

A. Provision of loans to the individual farmers

B. Taxing the private sector

C. Collecting interest income

D. Regulation of the financial sector

23. If an economic system is experiencing economic growth, which one of the following best expresses the situation? (1)

A. The economy operates beyond its previous production possibility curve

B. The economy operates within the production possibility curve to save its resources

C. The economy moves along its production possibility curve to produce more of all goods

D. The Economy produces more of one goods than before

24. The basic characteristic of the service sector is that it produces (1)

A. tangible goods
B. commodities
C. intangible goods
D. food

25. An increase in dependency ratio could be due to (1)

A. decrease in number of children
B. increase in the number of children
C. decrease in old aged population
D. increase in the economically active population

26. When does quantity supplied of a good increase? (1)

A. When the prices of goods related to the product decreases
B. When the price of the food decreases
C. When the price of factors of production increases
D. When the price of the good increases

27. An indifference curve shows __________ (1)

A. the same combinations of two goods which give equal satisfactions to the consumer
B. various combinations of two goods which give equal satisfactions to the consumer
C. various combinations of three goods which give equal satisfactions to the consumer
D. the combinations of three goods which give equal satisfactions to the consumer

28. Real GDP is measured at _________ prices (1)

A. current market
B. factor
C. constant
D. nominal

29. Which one of the following statements best expresses a characteristics of perfectly competitive market? (1)

A. There are a few large producers which can fix their prices freely
B. Many producers supply homogeneous products to the market
C. Different producers set different prices for their products
D. Mobility firms between different economic activities is limited

30. Which one of the following best expresses the relation between consumption and saving? (1)

A. At break even point between income and consumption, there is no saving
B. Consumption is equal to income plus saving
C. Over-time consumption is dependent only on income
D. Saving is equal to consumption plus income

— END OF EXAMINATION —