



New English Private School (NEPS)

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Name _____ 3rdQuarter Date _____ 2020 Subject: Economics

Exercise Question, Grade 11, chap 2-5& Grade 12, chap,6

Grade 12 Teacher's Name Mr.Ephrem

General Instruction: Handwriting, spelling and neatness count.

Choose the best answer from the given alternatives.

- Which one of the following is the **NOT** a major role of government?
 - Provision of public goods and social services
 - Promoting efficiency
 - Reducing poverty
 - Increasing unemployment
- Which one of the following is direct tax?
 - Personal income tax
 - Excise tax
 - Value added tax
 - Turn over tax
- Income from sales of government asset is categorized under,
 - ordinary sources of revenue
 - external assistances
 - Capital revenue
 - capital government expenditure
- Capital government expenditures are,
 - Expenses such as salaries of civil servants.
 - Repeated expenses on consumables.
 - Mostly financed from ordinary sources of revenue in developing countries like Ethiopia.
 - Mostly financed from ordinary sources of revenue in developing countries like Ethiopia.
- Offsetting government budget deficit through external borrowing,
 - Increases the national debt service burden.
 - Creates demand – pull inflation.
 - Results in crowed out effect of private investment.
 - Increases the real interest rates.

6. A tax structure that decreases as taxable amount increases and increases as taxable amount decreases is called _____.
- A. regressive tax B. auto regressive tax C. Progressive tax D. proportional tax
7. A tax structure that is followed by the Ethiopian government is,
- A. proportional tax B. autoregressive tax C. Progressive tax D. regressive tax
8. The institutional frame work of the new government targeted on the following **EXCEPT**,
- A. Rationalizing public expenditure C. Reducing new tax bases
 B. Adjusting public sector salaries D. Limiting import exemption
9. In Ethiopia regional governments are responsible for duties such as expansion of,
- A. Water and sanitation. C. primary and secondary education.
 B. Rural roads. D. formulating fiscal and monetary policies.

10. What happens when both the supply and demand for computers increases simultaneously?
 The equilibrium _____.

- A. price must increase and equilibrium quantity must decrease
 B. price must increase and equilibrium quantity must increase
 C. price and equilibrium quantity must increase
 D. quantity must increase but equilibrium price could increase, decrease or remain constant

11. What do we call a product whose demand decrease, as the income of its consumers increases?

- A. a substitute good B. a normal good C. an inferior good D. a complementary good

12. One of the following may not lead to a shift in the demand curve for bread;

- A. A reduction in the price of another good that is a close substitute of bread.
 B. An increase in the real income of the consumers of bread.
 C. Change in people's tastes for bread .
 D. An increase in the price of bread.

13. If supply were to increase and demand to decrease simultaneously, in the new equilibrium we would expect,

- A. a lower price and an indeterminate change in quantity
 B. a higher quantity and a lower price

- C. a lower quantity and an indeterminate change in price
 D. a higher quantity and a higher price
14. If the government of a country announces a significant increase in the price of oil, what would you expect to happen to the demand of automobile?
- A. the demand curve for automobile will shift inward
 B. the demand curve or automobile will shift outward
 C. demand curve for automobile will stay the same
 D. one cannot tell
15. If two goods are complements, which of the following would most likely occur?
- A. A rise in the price of one of the goods leads to a rise in the demand for the other
 B. A rise in the price of one of the goods leads to a fall in the demand for the other
 C. A fall in the price of one of the goods leads to a fall in the demand for the other
 D. A rise in income leads to a fall in the demand for both goods
16. A movement along the supply curve of a product is caused by a/an
- A. change in the price of inputs C. change in the price of a product
 B. improvement in technology D. decrease in tax Imposed on the product
17. Which one of the following changes is true about the determinants of demand?
- A. own price of a commodity cause a shift of the demand curve
 B. income of the consumer causes a movement along the demand curve
 C. own price of a commodity causes a movement along the demand curve
 D. if the number of buyers in the market reduces the demand for that commodity would increase
18. A product offered by oligopolists is _____.
- A. homogenous C. differentiated
 B. distinctive D. either homogenous or differentiated
19. Which one of the following is true about the relationship of marginal revenue (MR) and average revenue (AR) of a pure monopolist?
- A. MR is always above AR.
 B. AR can be negative but MR is always positive.
 C. Both MR and AR are downward slopping curves.
 D. Both MR and AR are upward slopping curves.

20. Which one of the following features is true about a monopolistically competitive market structure?
- A. There is single seller. C. There is non-price competition.
 B. There is considerable entry and exit barrier. D. Firms are interdependent.
21. If a competitive firm is producing a level of output for which marginal cost exceeds price,
- A. the firm must be earning economic profit.
 B. the firm can increase its profit by increasing output.
 C. the firm can increase its profit by decreasing output.
 D. the firm is maximizing it's profit
22. To find its profit-maximizing output level, a firm should produce that level of output which equates,
- A. AVC and MC B. MC and MC C. TFC and TVCD. AFC and AVC
23. In which one of the following features are monopolistic competitive and perfectly competitive firms similar?
- A. Having horizontal demand curves
 B. Zero economic profit in the Short –run
 C. Zero economic profit in the long-run
 D. Relying on advertising to attract buyers to their products.
24. Which of the following is a correct statement about oligopoly markets?
- A. There is no interdependence among firms in an oligopoly.
 B. There is no non-price competition in an oligopoly market.
 C. Products in an oligopoly market are always homogeneous.
 D. Firms in oligopoly markets are highly interdependent.
25. Which of the following is NOT true in a perfectly competitive market structure?
- A. Average revenue is greater than price.
 B. Marginal revenue is equal to price.
 C. Marginal revenue is equal to the average revenue.
 D. Average revenue is equal to price.

26. Differentiated products are,
- Similar but not identical products.
 - Products with no close substitutes.
 - Products with enough close substitutes.
 - Identical products.
27. Which one of the following is **not** a cause for the emergence of monopoly power?
- Exclusive knowledge of technology by a firm
 - Ownership and control of strategic raw materials
 - Patent right
 - Large size of market
28. Which one of the following is an assumption of a perfectly competitive market structure?
- Existence of few dominant firms
 - Considerable entry and exit barrier
 - Existence of transportation cost
 - Perfect information or knowledge
29. A pure monopolist faces demand function of $P=40-4Q$ where P is Price and her cost function is given by $TC=8+Q^2$ where TC is Total Cost. The Maximum profit and corresponding level of output (Q) are respectively_____.
- 72 and 4
 - 4 and 72
 - 24 and 4 Units
 - 4 and 24 Units
30. Consider a perfectly competitive firm that has:
 Total cost (TC) = $50/3Q^3 - 150Q^2 + 1000Q + 780$ and Price (p) = 1000. What is the output level at which the profit level enjoyed by the firm will be the maximum?
- 0
 - 2
 - 6
 - 15

ANSWER SHEET

Name _____ Section _____ No. _____

I) multiple choice

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| 1 _____ | 9 _____ | 18 _____ | 26 _____ |
| 2 _____ | 10 _____ | 19 _____ | 27 _____ |
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| | 17 _____ | | |

Submission Date

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