The City School

**North Nazimabad Boys Campus**

**Second Monthly Test Session 2019 – 20**

**Class - 9**

**Time: 35 Minutes Economics Marks 30**

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Sec: \_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(1)** The diagram shows an initial production possibility curve of PPC1.



What may cause the movement of the production possibility curve from PPC1 to PPC2?

**A.** a better educated workforce

**B.** a decrease in availability of raw materials

**C.** increased wages

**D.** lower productivity

**(2)** An increase in the number of manufacturing robots in the car manufacturing industry

represents an increase in the quantity of which factor of production?

**A.** capital

**B.** enterprise

**C.** labour

**D.** land

**(3)** What economic concept must be at work when there is movement by a country along its

production possibility curve?

**A.** economies of scale

**B.** equilibrium price

**C.** maximum profit

**D.** opportunity cost

**(4)** What is the usual reason why citizens trust their country’s banknotes?

**A.** They are acceptable for trade and exchange.

**B.** They are backed by gold at the central bank.

**C.** They are convertible into the US$ or Chinese Yuan.

**D.** They are recognisable and in infinite supply.

**(5)** When will a central bank act as lender of last resort to a commercial bank?

**A.** when a commercial bank faces a liquidity crisis

**B.** when a commercial bank fails to make a profit

**C.** when a commercial bank needs to raise share capital

**D.** when a commercial bank reduces its lending rates

**(6)** Cigarettes have been used as money in exceptional circumstances.

What is the most likely reason that they are not acceptable as money in normal circumstances?

**A.** cigarettes lack durability

**B.** cigarettes lack intrinsic value

**C.** cigarettes lack portability

**D.** cigarettes lack uniformity

**(7)** To help reduce the price of oil, new supplies are needed. However, in 2013, objectors opposed attempts to explore new sites because of the environmental damage the exploration might cause.

How does this illustrate the basic economic problem?

**A.** Oil is a limited resource.

**B.** Oil is expensive.

**C.** The exploration involves demand and supply.

**D.** There are external costs involved in production.

**(8)** A businesswoman seeks a 10-year loan from a bank. She has listed her four most valuable possessions which could be offered to the bank in order to obtain the loan.

Which item would the bank be least likely to accept as security for the loan?

**A.** a collection of gold coins, jewellery and antiques

**B.** a house in a desirable part of town

**C.** a part ownership in a race horse

**D.** a portfolio of government bonds

**(9)** What is a factor of production?

**A.** a semi-skilled, young worker

**B.** direct taxes received by a government

**C.** shares in a manufacturing company

**D.** stocks of money held a bank

**(10)** A function of money is to act as a measure of value.

What does this mean?

**A.** It is used to compare the worth of different goods.

**B.** It is used to enable monthly payments for expensive goods.

**C.** It is used to pay the price of a good.

**D.** It is used for future savings.

**(11)** For anything to be used as money, it must be

**A.** a fixed value.

**B.** in fixed supply.

**C.** legal tender.

**D.** readily acceptable.

**(12)** Which is a major function of a commercial bank?

**A.** acting as the lender of last resort

**B.** collecting direct and indirect taxes

**C.** issuing bank notes and coins

**D.** lending money to its customers

**(13)** What would not be an example of the working of a market system?

**A.** a high price charged because of costly research to produce the good

**B.** a high price charged for a well-known painting

**C.** a low price charged because of economies of scale

**D.** a low price charged for subsidised bus travel

**(14)** Which of these statements made by an Economics student about different types of

business organisation is true?

**A.** Partnerships face problems in raising large sums of finance.

**B.** Private companies cannot have limited liability.

**C.** Public companies operate in the public sector of the economy.

**D.** Public corporations operate in the private sector of the economy.

**(15)** Which function is performed by both commercial banks and central banks?

**A.** acting as bankers to the government

**B.** advising the government on monetary policy

**C.** dealing in foreign exchange

**D.** fixing the main interest rate

**(16)** An individual has various financial assets.

What is the most easily available as cash?

**A.** a current (checking) bank account

**B.** government bonds

**C.** share certificates in a public company

**D.** time deposits in a savings bank

**(17)** 4 In a pure market economy, which secondary factor determines the distribution of goods and services?

**A.** fairness to the consumer

**B.** needs of the consumer

**C.** price of the product

**D.** quality of the product

**(18)** Which function of money enables people to compare the worth of different products?

**A.** medium of exchange

**B.** standard for deferred payments

**C.** store of value

**D.** unit of account

**(19)** An economy produces different types of goods using its limited resources. This can be

illustrated by a production possibility curve.



What does point X on the production possibility curve show?

**A.** All resources are used for the production of consumer goods.

**B.** More resources are allocated to producing capital goods than consumer goods.

**C.** Resources are allocated to produce a mixture of consumer and capital goods.

**D.** Total resources are not being fully utilised for production of these goods.

**(20)** In most countries, which organisation controls the banking system?

**A.** central bank

**B.** commercial bank

**C.** investment bank

**D.** World Bank

**(21)** In economics, natural sunlight is classified as a free good.

What is the reason for this?

**A.** Sunlight is a gift of nature.

**B.** Sunlight is a renewable resource.

**C.** There is no opportunity cost of using sunlight.

**D.** Unlimited amounts of sunlight can be consumed.

**(22)** What would be classified as the factor of production capital for an airline?

**A.** the aircraft operated by the airline

**B.** the money the airline keeps in the bank

**C.** the pilots the airline uses

**D.** the shares of the airline quoted on the stock market

**(23)** What is a major advantage of a market economic system over a mixed economic

system?

**A.** All production of goods and services is determined by consumer demand.

**B.** Ownership of resources is divided between private and public sectors.

**C.** Producers include any external costs they create in the price of the good.

**D.** There will always be an even distribution of income and wealth.

**(24)** What does a commercial bank **not** provide?

**A.** cash

**B.** bonds

**C.** loans

**D.** mortgages

**(25)** The Norwegian government chose to spend the profits from oil on stocks, bonds and

property. The possibility of improving domestic infrastructure, therefore, was not taken.

Which economic concept does this best illustrate?

**A.** cost of production

**B.** finite resources

**C.** opportunity cost

**D.** production possibility frontier

**(26)** What is a function of a central bank?

**A.** accepting deposits from the public

**B.** determining tax rates

**C.** implementing monetary policy

**D.** lending to businesses

**(27)** The diagram shows a production possibility curve (PPC).

Which position is **most** likely to lead to the greatest outward shift of the PPC?



**(28)** Which combination of terms gives the general definition of the economic problem?

**A.** bigger families, less food, starvation

**B.** falling supply, rising demand, shortage

**C.** higher population, fewer jobs, unemployment

**D.** limited resources, unlimited wants, scarcity

**(29)** Which is **not** a factor of production?

**A.** a farm

**B.** a farmer

**C.** a farmer’s bank account

**D.** a second-hand tractor

**(30)** Heavy rain caused floods in an area of a country.

What may be an opportunity cost of repairing the damage caused?

**A.** the allocation of government funds to the area instead of on a new airport

**B.** the cost of providing shelter for those made homeless

**C.** the decline in the tourist industry in the area

**D.** the loss of profits from businesses affected by the flood