

The City School

Unified Mid-Year Examinations
2016 - 2017
CLASS 9



CANDIDATE NAME

INDEX NUMBER

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DATE: _____

ECONOMICS

Paper 1: Multiple Choices

2281/12

45 minutes

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB or recommended)

READ THESE INSTRUCTIONS FIRST

Write your name, index number and date on all the work you hand in.
Write in dark blue or black pen on both sides of the paper.
Do not use staples, paper clips, highlighters, and glue or correction fluid.

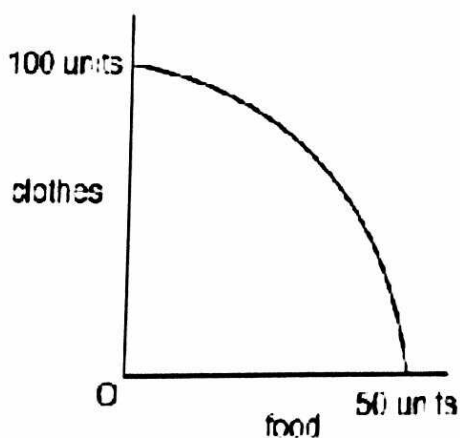
There are **thirty** questions in this paper. Answer **all** questions. For each question there are four possible answers **A, B, C** and **D**.
Choose the one you consider correct and record your choice in soft pencil on the separate answer sheet.

Each correct answer will score one mark. A mark will not be deducted for a wrong answer.
Any rough working should be done in this booklet.

This document consists of 09 printed pages.

- 1 The basic economic problem can best be described as the:
- A Achievement of economic growth
 - B Reduction of inflation
 - C Prevention of unemployment
 - D Allocation of scarce resources to meet unlimited wants
- 2 Economics goods are scarce in relation to:
- A Factors of production
 - B Human wants
 - C Money
 - D Services
- 3 Which of the following is regarded as a factor of production?
- A. Interest
 - B. Labour
 - C. Profit
 - D. Rent
- 4 Which statement about the factors of production is correct?
- A A river from which a company draws water is called land.
 - B Raising finance for a company is called capital.
 - C Supervisors employed in a company are called enterprise.
 - D The owner of a company is called labour.

- 5 What is factor of production?
- A A semi skilled, young worker
 - B Direct taxes received by the government
 - C Shares in a manufacturing company
 - D Stocks of money held by a bank
- 6 A family have a new car but go without holiday. This is an example of:
- A Social cost
 - B Opportunity cost
 - C Variable cost
 - D Fixed cost
- 7 Using all available resources, an economy produces different combinations of two types of goods, clothes and food, shown by the production possibility curve (PPC) below.



What does the PPC indicate?

- A It is more efficient to produce more of clothes than food.
- B It is only possible to increase the output of clothes by reducing the output of food.
- C The best situation is to produce equal units of clothes and food.
- D The cost of producing a unit of clothes is always higher than that of food.

- 8 A university rejects 2000 qualified applicants who wish to study there.
What factor of production could have caused the university to make this decision?
- A infinite quantity of capital
 - B scarcity of labour
 - C surplus of land
 - D unlimited supply of enterprise
- 9 An advantage of market economy is?
- A. Competition between producers
 - B. Equality of income
 - C. Full employment
 - D. Stable prices
- 10 Mixed economy refers to a mixture of:
- A. Agriculture and manufacturing
 - B. Capital and labour
 - C. Private entrepreneurs and government
 - D. Small and large companies
- 11 What can be found in a mixed economy but not in a market economy?
- A a national economic development plan
 - B an unequal distribution of income and wealth
 - C the operation of the price mechanism
 - D the private ownership of factors of production

- 12 Which person would wish to encourage the use of the market system?
- A someone who believes that people should have equal living standards
 - B someone who believes that people should have freedom of action
 - C someone who believes that profit maximisation is wrong
 - D someone who believes that the government should correct peoples' bad behaviour
- 13 What is found in a mixed economy but not a free market economy?
- A banks
 - B division of labour
 - C price controls
 - D profit motive
- 14 The government of a developed country subsidises local private businesses, and encourages large foreign companies to locate in the country.
- Which type of economic system is this?
- A free market
 - B mixed
 - C planned
 - D subsistence
- 15 In choosing a commodity to serve as money, which of the following is the most important characteristic?
- A. Divisible.
 - B. Issued by the state.
 - C. Easily recognizable.
 - D. Generally acceptable.

- 16 A society without a medium of exchange must use:
- A. Barter
 - B. Cheques
 - C. Gold
 - D. Specialization
- 17 Which of the following is not a function of money?
- A. Medium of exchange
 - B. Store of utility
 - C. Exchange of value
 - D. Measure of value
- 18 Which of the following is not a limitation of the barter system?
- A. Lack of coincidence of wants
 - B. Lack of measure of value
 - C. Lack of store of value
 - D. Lack of profit
- 19 Which of the following benefits does a stock exchange provide?
- A. A source of finance for private limited companies.
 - B. A safe guard against the risk of loss.
 - C. An opportunity to sell shares quickly.
 - D. An opportunity for banks to create new money.

- 20 What function do central banks and commercial banks have in common?
- A. Dealing with foreign exchange.
 - B. Acting as a banker's bank.
 - C. Controlling monetary policy.
 - D. Supervising banking system.
- 21 Which of the following is a function of commercial banks?
- A. Acting as a government bank
 - B. Calculating inflation rate.
 - C. Fixing exchange rate.
 - D. Making loans.
- 22 Which financial institution monitors and stabilizes the economy
- A. Stock exchange
 - B. Commercial bank
 - C. Central bank
 - D. World bank
- 23 Which of the following is the major disadvantage of the sole trader business?
- A. Additional labor cannot be employed.
 - B. Banks will not lend to this form of business.
 - C. Output maybe sold only locally, not nationally.
 - D. The owner is personally liable for any debts.

- 24 Producers co-operatives are set up mainly for the benefit of:
- A. Consumers
 - B. Shareholders
 - C. Workers
 - D. The government
- 25 A company is described as multi-national if it:
- A. Employs workers of several nationalities.
 - B. Export goods to several countries.
 - C. Has shareholders from several countries.
 - D. Has business operations in several countries.
- 26 The word limited at the end of a firm's name means:
- A. It only produces one commodity
 - B. The capital is limited
 - C. There can be 50 shareholders
 - D. Shareholders are not liable to pay the debts of the company
- 27 The usual limit to the number of partners in partnership is:
- A. Two
 - B. Seven
 - C. Twenty
 - D. Fifty

28 What is a characteristic of a public corporation?

- A. It issues shares to the general public.
- B. It is owned by the government.
- C. Its objective is to maximise profits.
- D. It is owned by more than twenty shareholders

29 The table gives information about four business organisations.

Which organisation is most likely to be described as a co-operative?

	Owners have limited liability	Owned by its member
A	No	Yes
B	No	No
C	Yes	Yes
D	Yes	No

30 What does an economist mean by capital?

- A. Man-made goods that do not directly satisfy human wants.
- B. Money used to set up new businesses and expand existing businesses.
- C. Natural resources that will not be replaced.
- D. The ability to earn profits by combining the resources to produce goods..

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ECONOMICS

Paper 1 – Answer Key



Question Number	Key	Question Number	Key
1	D	16	A
2	B	17	B
3	B	18	D
4	A	19	C
5	A	20	A
6	B	21	D
7	B	22	C
8	B	23	D
9	A	24	C
10	C	25	D
11	A	26	D
12	B	27	C
13	C	28	B
14	B	29	C
15	D	30	A