

JUNE 2020

1. Which of the following production possibility curves indicates increasing opportunity costs?
 - A. Convex
 - B. Concave
 - C. Straight line
 - D. None-linear
2. Which of the following is the main reason for carrying out economic activity in a subsistence economy?
 - A. People's needs
 - B. People's preferences
 - C. People's wants
 - D. People's choices
3. A necessary condition for a mixed economy is that there are
 - A. Primary, secondary and tertiary sectors
 - B. Formal and informal sectors
 - C. Capital and consumer goods sector
 - D. Private and public sectors co-exist
4. This question is based on the items below
 - i. Mineral deposits
 - ii. Plantations
 - iii. Lakes
 - iv. Grinding mills

From the above, land consist of

- A. i and ii
 - B. ii and iii
 - C. i and iii
 - D. iii and iv
5. For division of labour to be successfully implemented by a travel agency, the various related services need to be
 - A. Efficient
 - B. Effective
 - C. Independent
 - D. Interdependent
6. This question is based on the following items

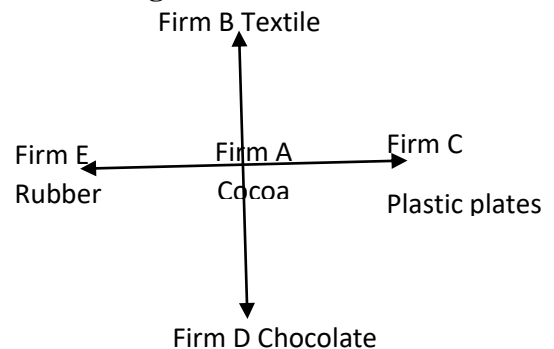
- i. Shares are quoted in the stock exchange market
- ii. Has limited liabilities
- iii. Publishes annual balance sheet
- iv. Possesses a trading certificate

The above characteristics apply to which of the following business units?

- A. Cooperative society
- B. Limited partnership
- C. Private company
- D. Public company

7. This question is based on figure 1 below

Figure 1



Which of the following movement illustrates forward vertical integration?

- A. From firm A to firm B
 - B. From firm B to firm D
 - C. From firm E to firm A
 - D. From firm A to firm D
8. Give the total number of people and total output for an area over time, which of the following can such data help you to determine?
 - A. Population growth
 - B. Population migration
 - C. Changes in standards of living
 - D. Changes in population structure
9. Positive checks according to the Malthusian population doctrine suggest that population can be controlled by
 - A. Family planning
 - B. Famine
 - C. Chastity
 - D. Celibacy

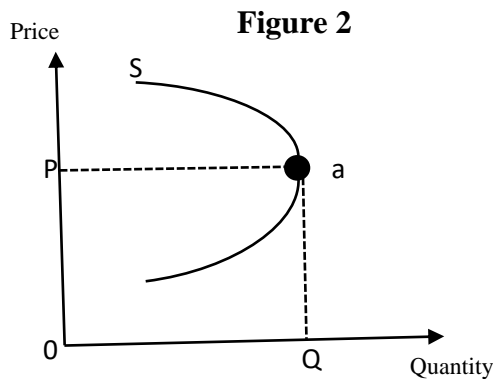
10. Which of the following explains why a fall in price from 150 FCFA to 50 FCFA raises quantity demanded from 10units to 20units?

- A. The substitution effect
- B. The crowding out effect
- C. Diminishing marginal rate of substitution
- D. Diminishing marginal returns

11. The demand of a good is said to be fairly inelastic if the value of its price elasticity is

- A. 0
- B. 0.2
- C. 10
- D. Infinity

12. This question is based on figure 2 below



Why is the Sa portion of the above curve negatively-sloped?

- A. More preference for work than leisure
- B. Price is too high to be afforded by all
- C. More preference for leisure than work
- D. High price makes supply very profitable

13. In situation in which price is reduced and total revenue instead falls, suggest that demand for the good is

- A. Fairly elastic
- B. Fairly inelastic
- C. Unit elastic
- D. Perfectly elastic

14. Given that at the price of 8 FCFA, quantity demanded is 50units and price elasticity of demand is 0.8. If price increases to 12 FCFA, what will be the change in quantity demanded?

- A. 20 units
- B. 25 units
- C. 50 units
- D. 70 units

15. When the supply of an agricultural product is inelastic while its demand is fairly elastic it will lead to

- A. Converging cobweb
- B. Diverging cobweb
- C. Perfect cobweb
- D. Exploding cobweb

16. Allocative and productive efficiency are easily achieved in the long run under a(an).

- A. Perfect market
- B. Monopoly
- C. Monopolistic competition
- D. Oligopoly

17. This question is based on the following features of a firm

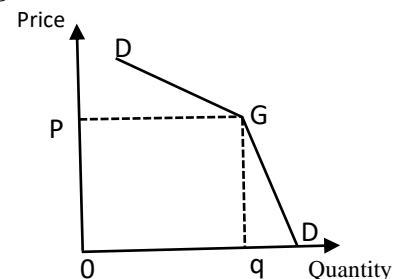
- No advertising
- Many buyers and sellers
- No barriers to entry and exit
- Profit maximization

Identify the market structure that is best described by the above features

- A. Monopolistic competition
- B. Perfect competition
- C. Perfect oligopolistic competition
- D. Imperfect oligopolistic competition

18. This question refers to figure 3 below which shows the demand curve for a firm in Oligopoly market.

Figure 3



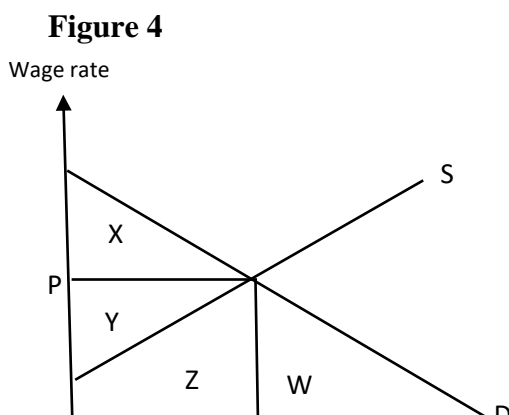
Price stability at OP indicates that there is:

- A. no competition.
 - B. certainty.
 - C. uncertainty
 - D. no advertising.
19. If TC exceeds TR by the least amount, it implies that the firm is:
- A. Not maximizing profit.
 - B. Minimizing losses.
 - C. maximizing losses.
 - D. earning normal profit.
20. This question is based on table 1 below which shows the output, costs, and revenue of a hypothetical firm.

Table 1

Output	0	1	2	3	4
Total cost (FCFA)	100	200	250	290	300
Total Revenue	0	175	350	525	700

- From the table, it can be concluded that the firm is:
- A. Operating in the perfect market.
 - B. Operating in monopolistic competition.
 - C. A monopolist.
 - D. An oligopolist.
21. The main feature for firms to operate in the monopolistic market is;
- A. Collusion
 - B. Price rigidity
 - C. Product differentiation
 - D. Price discrimination
22. The proportion of labour costs to total costs is a determinant of:
- A. elasticity of supply of a good.
 - B. elasticity of demand for a good.
 - C. elasticity of demand for labour.
 - D. elasticity of supply of labour.
23. This question is based on figure 4 below

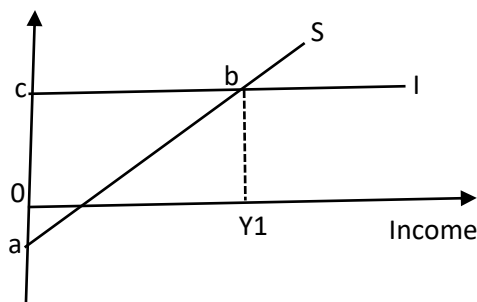


- From the above figure, total earnings minus transfer earnings will result in the area indicated by letter:
- A. X.
 - B. Y.
 - C. Z.
 - D. W.
24. Which of the following theories explains the current rate of savings as the main determinant of the supply of loanable funds?
- A. The supply side theory.
 - B. The Monetary theory.
 - C. The Keynesian theory.
 - D. The classical theory.
25. One of the roles of profit in an economy is that:
- A. It rewards for forgoing liquidity.
 - B. It is a reward for entrepreneurship.
 - C. It encourages invention and innovation.
 - D. It is a compensation for postponing current consumption.
26. Including only the values of final output in the calculation of national income helps to avoid:
- A. omissions.
 - B. the black market.
 - C. double counting.
 - D. The hidden economy
27. The loss in the value of capital assets over time refers to:
- A. capital appreciation.
 - B. capital consumption.
 - C. capital deepening.
 - D. capital stock adjustment.
28. This question relates to the formula below.
- $$\frac{\text{Base year price index}}{\text{current year price}} * \frac{\text{national income}}{1}$$
- The formula above is used for calculating:
- A. current national income.

- B. real national income.
C. current per capita income.
D. real per capita income.
29. The value of all goods and services produced in an economy in a given period is known as:
A. Gross National Product.
B. Gross Domestic Product.
C. National Income.
D. Net National Product.
30. This question is based on figure 5 below.

Figure 5

Withdrawal/
Injections



Autonomous dissaving is represented by the value.

- A. bS
B. oa
C. bY1
D. oc
31. This question is based on table 2 below showing a partial accelerator table for an economy with a capital-output ratio of 2:1. Depreciation is constant at a rate of 1000 units of capital per year.

Table 2

Year	Demand	Existing capital	Required Capital	Replacement investment
1	1000	2000	2000	1000
2	2000	2000	4000	1000
3	2500	4000	5000	1000
4	2500	5000	5000	1000
5	1500	5000	3000	00

What is the most appropriate reason why replacement investment in year 5 is zero?

- A. Because of excess capacity of 2000.
B. Because of excess capacity of 1000.

- C. Because demand has fallen by 1000.
D. Because required capital has fallen by 2000.

32. This question is based on the formula below:

Change in consumption

Change in disposable income

The formula above is used for calculating:

- A. average consumption.
B. average propensity to consume.
C. marginal consumption.
D. marginal propensity to consume.
33. If $C = 70 \text{ Million FCFA} + 0.7Y$, where Y is income which of the following will stand for the saving function?
A. $S = 30 \text{ million FCFA} - 0.7Y$.
B. $S = 30 \text{ million FCFA} + 0.7Y$.
C. $S = -70 \text{ million FCFA} + 0.3Y$.
D. $S = -70 \text{ million FCFA} - 0.3Y$.

34. If the income of an unskilled individual is 0 FCFA and his consumption is 1300 FCFA, what will this amount of consumption be referred to?

- A. Induced consumption.
B. Relative consumption.
C. Autonomous consumption.
D. Current consumption.

35. This question is based on the following formula: $\frac{1}{MPS}$

The formula above seeks to calculate

- A. The accelerator
B. The multiplier
C. Average propensity to save
D. Marginal propensity to save
36. This question is based on table 3 below

Table 3

Year	Velocity of circulation of money	Price index
2014	18	100
2015	12	95

It can be concluded that:

- A. The standard of living has risen
B. The rate of inflation has risen
C. The cost of living has risen

D. The value of money has fallen

37. To which group of customers below will BICEC bank Cameroon issue certificate of deposit?

- A. Medium term borrowers
- B. Long term borrowers
- C. Long term depositors
- D. Short term depositors

38. A hypothetical commercial bank keeps 20,000 FCFA after receiving 200,000 FCFA as deposit from a customer. The maximum additional deposit created is

- A. 2,000,000 FCFA
- B. 1.800,000 FCFA
- C. 200,000 FCFA
- D. 180,000 FCFA

39. This question is based on the formula below

$$\frac{\text{ED}}{\text{ES} + \text{ED}} \times \frac{\text{Amount of Tax}}{1}$$

Where ED is the elasticity of demand and ES is the elasticity of supply

The formula above best calculates the:

- A. Consumer's share of tax
- B. Community's share of tax
- C. Producer's share of tax
- D. Government's share of tax

40. This question is based on table 5 below showing the tax structure in number of countries

		Year 1	Year 2	Year 3
Ctry	Income	50,000	100,000	200,000
X	Tax paid	5,000	10,000	20,000
W	Tax paid	10,000	20,000	25,000
Y	Tax paid	5,000	5,000	5,000
Z	Tax paid	5,000	15,000	40,000

In which of the above countries does the tax system respect the canon of vertical equity

- A. Country X
- B. Country W
- C. Country Y
- D. Country Z

41. XYZ enterprise succeeds in transferring one quarter of its indirect tax to its customers. This implies that the demand for the product is

- A. Fairly elastic
- B. Fairly inelastic
- C. Perfectly elastic
- D. Perfectly inelastic

42. This question is based on the list below

- i. Central government
- ii. Local government
- iii. Public corporations
- iv. Public companies

The public sector consists of

- A. i and ii
- B. i, ii and iii
- C. i, ii and iv
- D. i, ii, iii and iv

43. If countries have different opportunity cost ratios, and their international terms of trade (TOT) lie within limits set by their domestic opportunity cost ratios, the countries will find it

- A. difficult to trade with each other
- B. disadvantageous to trade with each other
- C. impossible to trade with each other
- D. profitable to trade with each other

44. Which of the following is an immediate and unavoidable result of devaluation other things being equal?

- A. An unfavourable movement in terms of trade
- B. A favourable movement in terms of trade
- C. A favourable movement in balance of trade
- D. An unfavourable movement in balance of trade

45. If the short-term measures fail to cure a country's balance of payment deficit, the best possible thing to do is to

- A. Encourage exports
- B. Borrow from abroad
- C. Raise interest rates
- D. Sell its foreign assets

46. The J-curve effect explains that
- A. Revaluation worsen BOP situation in the short run but improves in the long run
 - B. Revaluation improves BOP situation in the short run but worsens in the long run
 - C. Devaluation worsen BOP situation in the short run but improves in the long run
 - D. Devaluation improves BOP situation in the short run but worsens in the long run
47. Which of the following statement is true?
- A. Economic development occurs without economic growth
 - B. Economic growth occurs after economic development
 - C. Economic development cannot occur without economic growth
 - D. Economic development cannot co-exist with economic growth
48. Periodic fluctuation in economic activity most likely to reduce employment occur during a
- A. Slump
 - B. Peak
 - C. Recovery
 - D. Boom
49. A country's labour force includes all those who are economically active. Economically active refers to those who are:
- A. Willing to work
 - B. Able to work
 - C. Willing and unable to work
 - D. Willing and able to work
50. The removal of government regulation that restrict entry and exit of firms and competition is called:
- A. Deregulation
 - B. Denationalization
 - C. Leasing
 - D. Contracting out