S4 MEG AND MCE

ECONOMICS HOLIDAY PACKAGE

ALL QUESTIONS ARE COMPULSORY. **(40 marks)**

1. Choose the best answers. **(3 marks)**
   i. Which of the following best describes a characteristic of perfect competition market?
      a) Many buyers and sellers
      b) Homogeneous products
      c) Significant barriers to entry
      d) Price determined solely by individual sellers
   ii. What is the primary downside of a monopoly from a societal perspective?
      a) Limited innovation
      b) Increased consumer choice
      c) Lower price
      d) Greater market efficient
   iii. What is the key feature of the long run equilibrium in perfect competitive market?
      a) Firm earns economic profit
      b) Price exceeds average total cost
      c) Firms operate at minimum efficient scale
      d) Excess capacity exists in the industr

2. Choose the appropriate words or concepts to fill in the blanks to complete the given statements. (**5 marks)**
   Words: **wealth, resources, prices, wants, commodities**

   i. .... are product that are produced by the use of factors of production.

   ii. All productive inputs used to create or produce goods and services are called..................

   iii. .... refers to the stock of assets held by an individual, a firm, an organization or a country, at any particular moment of time.

   iv. The rate at which a commodity is exchanged or the relative value of commodity expressed in monetary term is..................

   v. .... Are human desire whose satisfaction makes life more comfortable, enjoyable, relaxed and pleasant.

3. Match the following price elasticity of demand and their degree **(5 marks)**

elasticity	degree
Perfectly inelastic demand	**PED= 1**
inelastic demand	**PED> 0< 1**
unitary elastic demand	**PED= 0**
elastic demand	**PED= ∞**
Perfect elastic demand	**PED> 1< ∞**

4. Choose the best answer **(3MARKS)**

i. Which one of the indece can be best used to measure the rate of inflation in Rwanda?
   a) Producer price index (PPI)
   b) Retail price index (RPI)
   c) Consumer price index(CPI)
   d) Wholesaler price index (WPI)
ii. The consumer price index (CPI) is often used to adjust:
   a) Corporate profit
   b) Social security benefits
   c) Stock market indices
   d) Interest rates
iii. Which index is used to adjust nominal GDP for changes in price level?
   a) Consumer price index
   b) Producer price index
   c) Gross domestic product (GDP)deflator
   d) Retail price inde

5. a) Define the term "demand" (**2 marks)**
   b) i) state the law of demand (**2 marks**)
6. What is   meant by per capita income (**2 marks)**
   b) per capita income is not a good economic indicator to be used to compare standards of living between countries. Defend this affirmation**. (7 marks**)
7. Give any six determinants of country's national income (**6 marks**)
8. A) If a rice firm employs 700 peoples in production of 84000 bags of rice, solve for the personnel contribution of labor in that production process in terms of bags. (**5marks**