



MARCH 2020

<p>The Teachers' Resource Unit and the Regional Inspectorate of Pedagogy, in collaboration with the North West Economics Teachers' Association (NOWETA)</p>	<p>SUBJECT CODE NUMBER 0525</p>	<p>PAPER NUMBER 2</p>
<p>GENERAL CERTIFICATE OF EDUCATION AND INTERMEDIATE TECHNICAL and VOCATIONAL EDUCATION REGIONAL MOCK EXAMINATION</p>	<p>SUBJECT TITLE ECONOMICS</p>	
<p>ORDINARY LEVEL</p>	<p>DATE Thursday 12/03/2020 MORNING</p>	

Time Allowed: 2½ HOURS

Mobile phones are **NOT ALLOWED** in the examination room.

INSTRUCTIONS TO CANDIDATES

*You are required to answer **FIVE** questions.*

All questions carry equal marks.

You are reminded of the necessity for good English and orderly presentation in your answers.

1. (a) Distinguish between the following concepts:
 - i) Location of industry and localization of industry.
 - ii) Small holder schemes and peasant agriculture.

(4 x 2=8 marks)

- (b) State and explain **four** ways the government promotes agriculture in Cameroon. (6 marks)
- (c) Explain **three** reasons why the manufacturer may decide to sell directly to the consumers. (6 marks)

2. a) Explain the following concepts using suitable examples:
 - i) National budget. (3 marks)
 - ii) National debt. (3 marks)
- b) Explain **three negative** effects of Value Added Tax (VAT) on the economy of Cameroon. (6marks)
- c) Name and explain **four** ways by which government spends her revenue. (8 marks)

3. a) With the aid of diagrams, explain the following:
 - i) Extension in demand. (4 marks)
 - ii) Goods of ostentation. (4 marks)
- b) Study table 1.below and answer the questions that follow.

Table 1

Price per kg (FCFA)	Quantity Demanded(Kg)	Quantity Supplied(Kg)
550	20	200
500	40	160
450	60	120
400	80	80
350	100	60
300	120	40

Calculate the price elasticity of demand when price rises from 450FCFA to 500 FCFA per Kg. (3 marks)

- c) Suppose the government imposes a guaranteed price of 550 FCFA per Kg.
 - i) Calculate the total cost to the government if she wants to buy the excess at 550 FCFA per kg. (2 marks)
 - ii) Outline **three** factors which can cause an increase in supply.

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(3 marks).

- d) Enumerate **four** characteristics of perfect competition.

(4marks)

4. a) Distinguish between savings and investment. (4 marks)
b) Table 2 below shows the data on the national income of country X (in millions FCFA). Use it to answer the questions that follow.

Table 2

Item	Amount in million FCFA
Net property income from abroad	6,200
Depreciation	1,200
Gross Domestic Product	27,520

Calculate the values of:

- i) Gross National Product (GNP). (3 marks)
ii) National income. (3 marks)
c) State **four** problems encountered in measuring the national income of a country. (4.marks)
d) Explain any **three** factors that can increase the rate of economic growth.
5. a) Briefly distinguish between the following pairs of terms: (6.marks)

- i) Market and planned economic systems.
ii) Scarcity and shortage.
iii) Vertical and horizontal integration.

- iv) Internal and external economies of scale. (16marks)

- b) Identify **four** characteristics of labour which make it different from other factors of production. (4 marks)

- 6.a) Explain the following accounts of the balance of payments:

- i) Current account. (3marks)
ii) Capital account. (3 marks)

Table 3 below shows the output of Cameroon and Japan .

Study the table and answer the questions that follow.

Country	Shoes (pairs)	Cotton (tons)
Cameroon	10	16
Japan	40	12

- b) Which country should specialize in the production of:
- Shoes and why? (2 marks)
 - Cotton and why? (2 marks)
- c) Calculate the total output of each product;
- before specialization. (2marks)
 - when there is complete specialization. (2 marks)
- c) Explain **three** reasons why countries restrict international trade. (6 marks)
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7. a) Define;
- Population explosion. (2 marks)
 - Over population. (2 marks)
- b) Explain the economic effects on of an increased emigration of the active population on Cameroon. (8 marks)
- c) Distinguish between a public company and a public corporation. (8 marks)
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8. a) Distinguish between the following terms:
- Cost push inflation and demand pull inflation. (5 marks)
 - Physical policy and fiscal policy. (4 marks)
- b) Explain **four** monetary instruments which can be used by the central bank to control the supply of money in an economy. (8 marks)
- c) Outline **three** objectives of a commercial bank. (3 marks)
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