

Economics I

017

11/11/ 2016 8.30 am - 11.30 am



ADVANCED LEVEL NATIONAL EXAMINATIONS 2016

SUBJECT : ECONOMICS

PAPER I : BASIC PRINCIPLES OF ECONOMICS

- COMBINATION:**
- HISTORY- ECONOMICS-GEOGRAPHY (HEG)
 - HISTORY- ECONOMICS-LITERATURE (HEL)
 - LITERATURE- ECONOMICS-GEOGRAPHY (LEG)
 - MATHS-ECONOMICS-GEOGRAPHY (MEG)
 - MATHS -COMPUTER SCIENCE-ECONOMICS (MCE)
 - PHYSICS-ECONOMICS- MATHS (PEM)

DURATION: 3 HOURS

INSTRUCTIONS:

1. Do not open this question paper until you are told to do so.
2. Write your names and index number as they appear on your registration form.
3. This paper consists of **TWO** sections: **A** and **B**.
 - Section A:** Attempt all questions. **(55 marks)**
 - Section B:** Attempt **any THREE** questions. **(45 marks)**
4. Use only **blue** or **black pen**.

SECTION A: Attempt All Questions (55marks)

- 1) a) State the economic terms which mean the same as the following statements:
- i) The process of making commodities. **(1mark)**
 - ii) The process of using commodities. **(1mark)**
- b) What do you understand by the phrase:
- i) Human wants are unlimited. **(1mark)**
 - ii) Human wants are Dynamic. **(1mark)**
- 2) Explain how each of the following may affect demand for commodity A which is a Normal good:
- a) The level of income and its distribution. **(2marks)**
 - b) Population and its composition. **(2marks)**
- 3 a) Given that the price of beans increases from 200 Frw to 250 Frw per kg and as a result, quantity demanded reduces from 8 to 6kgs. Calculate the price elasticity of demand for beans. **(2marks)**
- b) Explain your answer in 3(a) above. **(2marks)**
- 4 a) Define the following types of monopoly:
- (i) Natural monopoly. **(2marks)**
 - (ii) Collusive monopoly. **(2marks)**
- b) What is the common feature of all forms of monopoly? **(1mark)**
- 5 a) What is meant by "Capital accumulation"? **(1mark)**
- b) Explain any four determinants of capital accumulation. **(4marks)**
- 6) Explain why the following may occur as a result of unemployment:
- a) Reduction in tax revenue. **(3marks)**
 - b) Increased government expenditure. **(3marks)**

- 7 a) Give any two regional economic groupings in Africa in which Rwanda is a member. **(2marks)**
- b) For any of the bodies mentioned in 7(a) above, give any three of its economic achievements. **(3marks)**
- 8) Discuss the effects of taxation on the following:
- a) Consumption. **(2marks)**
- b) Prices. **(2marks)**
- c) Investment. **(2marks)**
- 9 a) What is meant by "large scale agricultural production"? **(2marks)**
- b) Identify any four characteristics of large scale agricultural production. **(4marks)**
- 10) Mention any five factors that influence people's standards of living in an economy. **(5marks)**
- 11 a) What do you understand by "Privatization"? **(1mark)**
- b) Explain the following forms of privatization:
- i) Divestiture. **(2marks)**
- ii) Leasing. **(2marks)**

SECTION B: Attempt any three questions (45marks)

- 12 a) What is a Central Bank? **(2marks)**
- b) Explain any eight functions of a Central Bank. **(8marks)**
- c) Identify any five measures used by the Central Bank to promote rapid economic growth and development in an economy. **(5marks)**
- 13) a) Define the following terms:
- (i) Deflation. **(1mark)**
- (ii) Devaluation. **(2marks)**

- b) Briefly explain how devaluation would result into the following:
- (i) Increase in exports. **(2marks)**
 - (ii) Protection of domestic industries. **(2marks)**
 - (iii) Increase in employment. **(2marks)**
- c) Account for any three effects of deflation. **(6marks)**

- 14 a) Explain briefly how the following determine economic growth:
- (i) Stock of capital. **(2marks)**
 - (ii) State of technology. **(2marks)**
 - (iii) Market potential. **(2marks)**
- b) Briefly explain how economic growth is good for an economy. **(9marks)**

- 15 a) Discuss the economic importance of a population census. **(10marks)**
- b) Discuss the advantages of a growing population. **(5marks)**

- 16 a) What are the phases followed in development planning? **(5marks)**
- b) Discuss the reasons why plans may fail in the context of developing countries. **(10marks)**