

**ECONOMICS**

**SENIOR 5END OF YEAR EXAMINATIONS, 2019**

**SUBJECT: ECONOMICS**

**COMBINATIONS:**

* **HISTORY–ECONOMICS- GEOGRAPHY (HEG)**
* **HISTORY–ECONOMICS- LITERATURE (HEL)**
* **MATHEMATICS –ECONOMICS- GEOGRAPHY (MEG)**
* **LITERATURE-ECONOMICS- GEOGRAPHY (LEG)**
* **COMPUTER SCIENCE- ECONOMICS- MATHEMATICS (MCE)**

**DURATION: 3 HOURS**

**INSTRUCTIONS:**

1. Write your names, name of the school and class on the answer booklet/sheet.
2. Do not open this question paper until you are told to do so.
3. This paper has **Two** sections: **A** and **B.**

**SECTION A**: Attempt all questions. **(55 marks)**

**SECTION B**: Attempt any **THREE** questions. **(45marks)**

1. Candidates must give explanations with relevant examples on essay type of questions.
2. Use only a **blue** or **black** pen.

**SECTION A: ATTEMPT ALL QUESTIONS (55 marks)**

1) Choose the correct answer among the four proposed answers

A) Seller *cannot* influence the market price under:**(1mark)**

(a) Perfect competition   
(b) Monopoly  
(c) Monopolistic competition   
(d) All of the above

B) Average revenue and price are always equal under:**(1mark)**

(a) Perfect competition only  
 (b) Monopolistic competition only  
 (c) Monopoly only  
 (d) All market forms

C) There are only a few sellers under**(1mark)**

1. Perfect competition
2. Monopolistic competition
3. Monopoly
4. Oligopoly

D) Other things remaining unchanged, when in a country the price of foreign currency rises, national income is **(1mark)**

(a) Likely to rises   
(b) Likely to fall  
(c) Likely to rise and fall both   
(d) Not affected

E) One of the following is not a characteristic of the monopoly. **(1mark)**

a) Maximization of profit

b) There is no influence of market price

c) Freedom to set price

d) High barriers to entry and exit

2) In perfect competition market, there is free entry and exit in the market. Explain how the two features occur. **(4marks)**

3) Distinguish between

a) Disposable income and personal income. **(2marks)**

b) Absolute poverty and relative. **(2marks)**

c) Equitable and equal distribution of income. **(2marks)**

4) a i) Given that government expenditure in an economy is increased by 50 million. Where the MPC is 0.4. Find the final change in national income. **(2marks)**

ii) Given that MPS is 0.2. Find the MPC and determine the magnitude of the multiplier. **(1mark)**

iii) Calculate the magnitude of the multiplier where MPC is 40%. **(1mark)**

iv) Given that the multiplier in an economy is 2 and the final increase in the level of income is 100 million. Find the MPS and change in expenditure. **(1mark)**

5) Money supply refers to the total amount of money in circulation together with money held by commercial banks plus quasi money.

a) What do you mean by quasi money? Give an example. **(2marks)**

b) Supposed I have money deposited in Bank of Kigali on my current account.

i) In which level of money supply is my money and why? **(2marks)**

ii) Explain how tourism in Rwanda may determine the quantity of money supply in Rwanda. **(2marks)**

6) Briefly explain how a decrease in interest rates should stimulate economic growth? **(5marks)**

7) The government of your country has a need to widen the sources of its income mainly in order to ensure the welfare of people, economic stability and national security. Advise your country on different methods it can use to satisfy its need. (at least five methods) **(5marks)**

8) Government can use taxation policy to reduce the gap between poor people and rich ones. How do you think this can be done? **(4marks)**

9) A country B‘s total population is 12 625200 persons. Its population categories are presented below:

- The young between 0-14 years represent 54 % of the population.

- The working age people between 15-64 years are 30% of all population

- The remaining are old people from 65 years and above.

a.i ) Calculate the number of old people from 65 years and above. **(1mark)**

ii) Calculate the dependent ratio. **(1mark)**

b) What should be the positive implications of the found dependence ratio on the economy of the country B? (at least 3). **(3marks)**

10) The Minister of Finance and Economic Planning on international day of saving 2013 had said ‘’ if you want a better life for you and your family, you must save.’’ The Minister believed that the savings culture should begin at an earlier age, with the children nurturing that value as they transit into adult.

1. Briefly show how is important to start saving at early age? **(2marks)**
2. Give two things government of Rwanda has done to promote the culture of saving. **(2marks)**
3. How do you think the people savings are important for the government? **(2marks)**

11) Briefly describe the five types of trade unions. **(5marks)**

**ATTEMPT ANY THREE QUESTIONS OF CHOICE (45marks)**

12) Account for the causes of low per capita income in Rwanda.

13) Two developing countries A and B have a problem of a budget deficit. A decides, ceteris peribus, to finance it basing on the money borrowed from developing countries. Country B prefers to finance it by increasing taxes and cutting off government expenditures. What do you think should be the problems each country meets after implementing its decision? **(15marks)**

14) A is a country whose economy suffers from high rate of unemploymentand inflation. It is striving to create employment opportunities for youth and encourage private investment in other to overcome those macroeconomic problems.

1. What macroeconomic problems is country A facing? **(2marks)**
2. Give any other two macroeconomic problems not given in the passage.

**(2marks)**

1. Explain the negative effects of the high rate of unemployment problem on country A’s Economy. **(11marks)**

15) In developing countries there is a frequent movement of people from rural areas to urban areas. They expect to get good paid jobs but arriving there they create so many problems including formation of slums, prostitution among others.

a) Give the appropriate name of this movement. **(1mark)**

b) Briefly explain the causes of this movement. **(7marks)**

c) Suggest different ways through which this movement should be reduced in developing countries. **(7marks)**

16)Labour is a human factor of production and therefore can be motivated to increase its efficiency. Increase in its wage rate is one of different ways that can be used to promote its efficiency.

1. Explain any others different factors that can promote the efficiency of labour. **(8marks)**
2. In developing countries, there is a problem of man power. What do you think are measures to be taken in this category of countries to minimize this problem? **(7marks)**