

# ECONOMICS I

## 017

27/07/2023 8:30 AM - 11:30 AM



### ADVANCED LEVEL NATIONAL EXAMINATIONS, 2022-2023

## SUBJECT: ECONOMICS I

### PAPER I: BASIC PRINCIPLES OF ECONOMICS

#### COMBINATIONS:

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

#### DURATION: 3 HOURS

#### INSTRUCTIONS:

- 1) Write your names and index number on your answer booklet as they appear on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.
- 2) Do not open this question paper until you are told to do so.
- 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) Candidates must give explanations with relevant examples where necessary.
- 5) Use only a **blue** or **black** pen.

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

1) Choose the correct answer. **(4 marks)**

- a) In a subsistence economic system resources are allocated by:
  - i) Private sector.
  - ii) Traditional and customary institutions.
  - iii) The government on behalf of its Citizens.
  - iv) Both government and private individuals.
- b) Consumer sovereignty in a free enterprise economy implies that:
  - i) The consumer can take commodities without paying for them.
  - ii) The consumer has a right to destroy the commodity in front of the producer.
  - iii) The consumer has the capacity to influence the productive decisions of the producers.
  - iv) Consumers are individualistic.
- c) In a centrally planned economy, there is, except
  - i) Ownership and allocation of resources by the government.
  - ii) Price determination by the government.
  - iii) Decision of what to produce and how to produce it is made by the people.
  - iv) Private individuals are allowed to own some resources.
- d) Which of the following doesn't characterize mixed economies?
  - i) No consumer exploitation due to government intervention.
  - ii) Public goods are ignored in the economy.
  - iii) Government controls prices set by private individuals.
  - iv) Equal distribution of resources.

2) Match the following types of markets with their respective definitions.

**(4 marks)**

i) Money markets	a) is where contracts for delivery at some future date are traced.
ii) Capital markets	b) is the market where currencies are traded due to international trade.
iii) Foreign exchange	c) These are financial markets which deal in short term loans.
iv) Future market	d) These are financial markets in which medium loans, long-term loans and securities are trade.

- 3) Use appropriate economic terms to fill in the gaps. (5 marks)
- If two firms in the same line of business merge , it is called.....merger.
  - If two firms at different stages of production merge, it is called .....merger.
  - If two firms in unrelated line of business merge, it is called.....merger.
  - The advantages that a firm enjoys due to long run expansion resulting into a fall in average costs of production is known as.....
  - .....of the firm is obtained by dividing the change in total revenue by the change in total product.

4) Study the table below and answer the questions that follow.

Country	Resources	Maize (tons)	Sugar (tons)
Rwanda	5,000	20,000	15,000
Tanzania	5,000	15,000	5,000

- Calculate the comparative advantage of the two countries. (3 marks)
  - State the commodity that each of the two countries should concentrate on by producing it for consumption and exchange. (2 marks)
- 5) The table below shows the quantities of mangoes demanded at various prices in the market by consumers **A** and **B**.

Price (FRW)	Quantity demanded by individual A (in kg)	Quantity demanded by individual B (in kg)	Market demand (in kg)
1500	10	18	
1550	7	17	
1600	6	16	
1650	5	15	
1800	4	12	
1900	2	6	

- Calculate the market demand for mangoes at all price levels in the market. (3 marks)
- Illustrate the information in the market demand with its respective prices on a curve. (3 marks)

- 6) Define the following terms:
- a) Gross Domestic Product (GDP). (2 marks)
  - b) Per capita income. (2 marks)
  - c) Personal income. (2 marks)
- 7) Explain any five determinants of demand for labour. (5 marks)
- 8) a) What is meant by taxation? (1 mark)
- b) Explain the effect of taxation on:
- i) Saving. (2 marks)
  - ii) Physical investment. (2 marks)
- 9) a) What is unemployment? (1 mark)
- b) Describe the problem of voluntary unemployment. (4 marks)
- 10) Suppose you are an entrepreneur and your business is making profits. Explain two ways in which your profit will contribute to economic development of your country. (5 marks)
- 11) Analyse the following as causes of maintaining small scale firms alongside the large scale ones: (5 marks)
- a) Fear of rising costs.
  - b) Market limitation.

**SECTION B: ATTEMPT ANY THREE QUESTIONS. (45 marks)**

- 12) a) Distinguish between import quota and import duty. (2 marks)
- b) Analyse the impact of commercial policy on an economy. (13 marks)
- 13) Assess the effects of increased money supply in an economy. (15 marks)
- 14) a) **B** is a developing African country. **B** like any other developing countries has relied on aid for most of her development programs. Identify the dangers that are likely to result from overdependence on aid. (8 marks)
- b) Evaluate why it is beneficial for developed countries to give assistance to developing countries. (7 marks)
- 15) After the occurrence of COVID 19, Rwanda like other African countries is experiencing persistent increase in prices of most of the commodities.
- a) Name the macroeconomic condition that Rwanda is experiencing. (1 mark)
  - b) Advise the ministry of finance and Economic planning of Rwanda on the policies that should be put in place to overcome this macroeconomic problem. (14 marks)
- 16) Suggest different measures that our country could undertake to overcome the problem of Economic underdevelopment. (15 marks)

**- END -**

# **ECONOMICS I**

## **017**

**28/07/2022 8:30 AM -11:30 AM**



**NESA**

NATIONAL EXAMINATION AND  
SCHOOL INSPECTION  
AUTHORITY

**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2021-2022**

## **SUBJECT: ECONOMICS I**

**PAPER I: BASIC PRINCIPLES OF ECONOMICS**

### **COMBINATIONS:**

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

**DURATION: 3 HOURS**

### **INSTRUCTIONS:**

- 1) Write your names and index number on your answer booklet as they appear on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.
- 2) Do not open this question paper until you are told to do so.
- 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) Candidates must give explanations with relevant examples where necessary.
- 5) Use only a **blue** or **black** pen.

**SECTION A: ALL QUESTIONS ARE COMPULSORY (55 marks)**

- 1) Explain any five fundamental economic priorities put in place by producers before making a decision of allocating their resources in the production of commodities. **(5 marks)**

- 2) a) Distinguish between supply and quantity supplied. **(2 marks)**

b) Use the information in the table below and answer the questions that follow.

QUANTITY SUPPLIED (Kilograms)	PRICE (Rwf)
10	1000
8	800
6	600
4	400
2	200

**Required:**

Illustrate the above information on a graph. **(2 marks)**

- 3) Complete the blank spaces with appropriate words.

a) The process of changing raw-materials into intermediate or final goods as desired by the consumer to satisfy his/her needs is known as ..... **(1 mark)**

b) According to Adam Smith, the main purpose of production is ..... while according to Keynes, the main purpose of production is ..... **(2 marks)**

c) ..... is the production of goods and services for one's own consumption while ..... is the production of goods and services mainly for sale in the market. **(2 marks)**

- 4) Use the information in the table below to answer the questions that follow.

Out put	TC	TFC	TVC
0	50		
1	80		
2	90		
3	95		
4	105		
5	125		
6	170		

Calculate TVC and TFC and fill the table.

(7 marks)

- 5) Analyse the information in the table below and answer the questions that follow.

Scale of production	Labour units	Land units	Total returns	Marginal returns
1	1	2	4	4
2	2	4	10	6
3	3	6	18	8
4	4	8	28	10
5	5	10	38	10
6	6	12	48	10
7	7	14	56	8
8	8	16	62	6

- a) Represent the above information on a graph. (3 marks)
- b) On the graph drawn in a) above, indicate the areas of increasing returns; constant returns and decreasing returns to scale. (3 marks)

6) Given the following information: (in Million)

$NNP_{MP} = 3200 \$$

NFIA (Net Factor Income From Abroad) = 200Frw

Consumption of fixed capital = 1000 \$

Indirect taxes = 500 \$

Subsidies = 300\$

a) Calculate gross domestic product at factor cost. ( $GDP_{FC}$ ) **(3 marks)**

b) The following data shows the macroeconomic conditions of a hypothetical economy:

$$C = 50 + 0.8Y$$

$$I = 100$$

$$G = T = 75$$

Where,

**C**=Consumption expenditures

**I**=Private Investment spending

**G**=Government spending, and

**T**=Taxes

Calculate the equilibrium level of income of the economy. **(2 marks)**

7) Explain the quantity theory of money according to Irving Fisher. **(5 marks)**

8) Explain the causes of the following:

a) Frictional unemployment **(2 marks)**

b) Seasonal unemployment **(2 marks)**

c) Technological unemployment **(2 marks)**

9) Identify any four sources of government or public revenue in Rwanda. **(4 marks)**

10) a) Define the term population. **(2 marks)**

c) What are the two main functions of the population in an economy? **(2 marks)**

11) List any four features of a globalized world. **(4 marks)**



**SECTION B: ATTEMPT ANY THREE QUESTIONS (45 marks)**

- 12) Discuss ways in which knowledge of elasticity of demand is of importance to the government. **(15 marks)**
- 13) One of the benefits of economic integration is trade. Explain other benefits that countries gain from the economic groupings in which they belong. **(15 marks)**
- 14) Free trade contributes towards the economic growth and development in developing countries. Discuss. **(15 marks)**
- 15) Examine the costs and benefits of economic growth. **(15 marks)**
- 16) Agriculture is one of the priority sectors that both stimulate economic expansion and make the greatest contribution to poverty reduction and food security in Rwanda. Assuming that you are appointed the Minister of Agriculture, write down the strategies you would employ to improve agriculture productivity. **(15 marks)**

**- END -**

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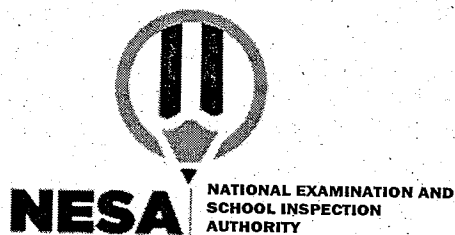
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# ECONOMICS I

## 017

22/07/2021 8h30 AM -11h30 AM



## ADVANCED LEVEL NATIONAL EXAMINATIONS, 2020-2021

### SUBJECT: ECONOMICS I

### PAPER I: BASIC PRINCIPLES OF ECONOMICS

#### COMBINATIONS:

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

**DURATION: 3 HOURS**

#### INSTRUCTIONS:

- 1) Write your names and index number on your answer booklet as they appear on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.
- 2) Do not open this question paper until you are told to do so.
- 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) Candidates must give explanations with relevant examples on essay type of questions.
- 5) Use only a **blue** or **black** pen.

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

- 1) Giving relevant examples, explain how the study of basic principles of economics is useful to you in your daily life. (4 marks)
- 2) A consumer has total money income of 250\$ to be spent on two goods X and Y with prices of 25\$ and 10\$ per unit respectively. On the basis of the information given, answer the following questions:
- a) Give the equation of the budget line for the consumer. (1 mark)
  - b) What is the value of the slope of the budget line? (1 mark)
  - c) How many units can the consumer buy if she/he has to spend all her/his money income on good X? (1 mark)
  - d) How does the budget line change if there is a fall in price of good Y? (1 mark)
- 3) a) Suppose you were a business person and a producer of different products and there is need for more revenue. What product would you choose to supply; the one with high price elasticity of demand or one with inelastic demand? Briefly explain your choice. (2 marks)
- b) Suppose you were a businessman or woman, what would your rational decisions be in the following situations and why?
- i) The price was increased and you have to decide to increase or reduce the wages of your workers while the demand for your products is inelastic. (2 marks)
  - ii) You are the only supplier of product A. You have two categories of consumers: students and workers. The demand of the product by students is elastic and the demand for the product by workers is inelastic. (2 marks)
- 4) Capital as a factor of production plays a big role in production process and in development process. Explain its role in:
- a) Employment creation. (2 marks)
  - b) Promotion of technological progress. (2 marks)
- 5) Most firms in Rwanda are concentrated in Kigali City especially in the Industrial free zone of Masoro in Gasabo District. Do you think this localization of firms is useful for households in Rwanda? (5 marks)
- 6) Explain the disadvantages of a perfect competition market linked to the following features:
- a) Homogeneity of products (2 marks)
  - b) Perfectly elastic demand (2 marks)
  - c) Free exit of firms (2 marks)
- 7) Small scale industries are needed in developing countries as a strategy of development. To what extent do you agree with this statement? Give at least 5 different reasons to support your answer. (5 marks)

- 8) In the table below are proposed economic policies or phenomenon in column A and alternative measures to achieve them or reaction to them in column B. Match each policy or phenomenon with its appropriate alternative measure to achieve it or a reaction to it and justify your choice. **(6 marks)**

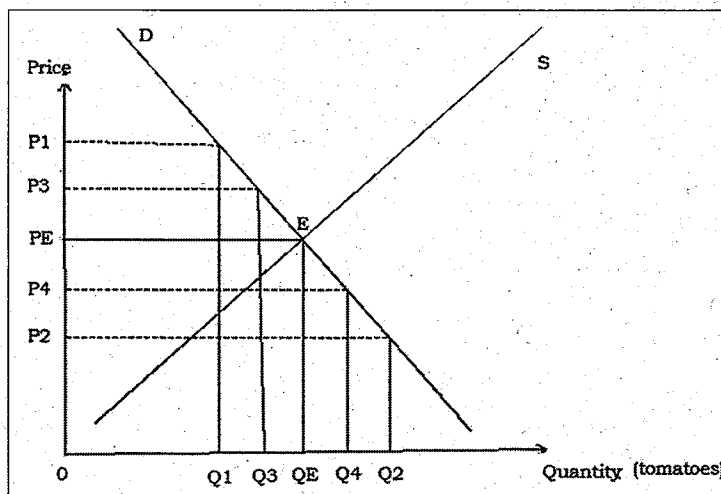
SECTION A	SECTION B
1. To encourage investment	a. Businesswomen or men increase their investment.
2. To increase government expenditures	b. Government provides subsidies
3. Expectation of economic boom.	c. Government increases taxes

- 9) The Governor of the central bank of my country takes a decision to lower interest rate as required by the Minister of finance to stimulate economic growth. As an economist, how do you justify the usefulness of this decision to achieve this macroeconomic government policy? **(4 marks)**
- 10) Currency depreciation encourages investment in the country where currency is depreciated. Do you agree with this statement? Give at least three reasons to support it. **(6 marks)**
- 11) Briefly explain two priority areas identified to spearhead the rural development thematic area addressed in EDPRS2. **(5 marks)**

### **SECTION B: ATTEMPT ANY THREE QUESTIONS (45 marks)**

- 12) The following diagram shows the convergent Cobweb theorem in the agricultural sector; it shows the variation of demand and supply for tomatoes in our village at different prices and in four periods. Study it and answer the questions that follow.
- (a) Basing on your knowledge of the Cobweb theorem, describe the situation of demand and supply of tomatoes in our village. **(7 marks)**

- (b) Suppose you were in charge of agriculture in our sector. Suggest possible solutions to tomatoes price fluctuations in our village.



**(8 marks)**

- 13) The table below represents values of economic transactions for a hypothetical economy with figures in terms of millions of United States dollars.

Wages and salaries = 100

Income from rent = 8

Net interest = 12

Profits of corporations = 16

Indirect taxes = 14

Subsidies = 6

Depreciation = 16

Net income from abroad = -8.

- a) From the data above, derive the following:

(i) Gross domestic product at market price.

**(1 mark)**

(ii) Net domestic product.

**(1 mark)**

(iii) Net domestic product at factor cost.

**(1 mark)**

(iv) Gross national product.

**(1 mark)**

(v) National income.

**(1 mark)**

- b) Discuss the importance of having National income statistics in an economy.

**(10 marks)**

- 14) Two economics students A and B are discussing government support in private sector activities in case of a perfect competition market. Both students try to convince each other.

A is against this support and B is for it. As an economist, who understands the role of Government in private sector activities, prepare a document containing different arguments supporting A and B in their points of view and also play a mediation role.

**(15 marks)**

- 15) Discuss the advantages and disadvantages of a floating exchange rate system.

**(15 marks)**

- 16 a) A country P is a developing country in Africa. It has chosen the development of agriculture as a strategy of economic development. Explain what could be the hindering problems against the process of economic development using this strategy.

**(8 marks)**

- b) What do you think are the problems that hinder mechanization of agriculture in Rwanda?

**(7 marks)**



**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)**

**Economics I**

**017**

**13/11/ 2015    8.30 – 11.30 AM**



**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2015**

**SUBJECT : ECONOMICS**

**PAPER I : BASIC PRINCIPLES OF ECONOMICS**

**COMBINATION(S): HISTORY- ECONOMICS-GEOGRAPHY : HEG**

**HISTORY- ECONOMICS-LITERATURE : HEL**

**LITERATURE- ECONOMICS-GEOGRAPHY : LEG**

**MATHEMATICS-ECONOMICS-GEOGRAPHY: MEG**

**MATHEMATICS-COMPUTER SCIENCE-ECONOMICS: MCE**

**PHYSICS-ECONOMICS-MATHEMATICS: PEM**

**DURATION:        3 HOURS**

**INSTRUCTIONS:**

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- 2) This paper consists of **TWO** sections **A** and **B**.

**Section A:** Attempt all questions.

**(55 marks)**

**Section B:** Attempt **any THREE** questions.

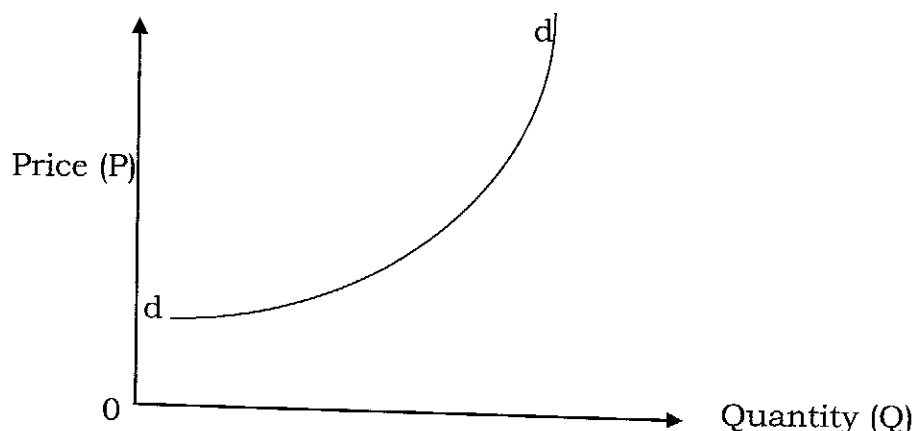
**(45 marks)**

- 3) Use only blue or black pen.

**SECTION A: ATTEMPT ALL QUESTIONS. (55 MARKS)**

- 1) (a) What do you understand by the term “resources”? **(1mark)**  
(b) Give any three forms of resources. **(3marks)**

2) Study the graph below where dd is the demand curve; P is Price, Q is the quantity demanded of commodity A and answer the questions that follow:



- (a) Describe the relationship between price and demand of commodity A. **(2marks)**  
(b) How can you describe the demand curve dd? **(1mark)**  
(c) Give any two conditions under which the demand of commodity does not decrease when its price increases. **(2marks)**
- 3) (a) What is meant by “ordinary goods”? **(2marks)**  
(b) (i) If a consumer’s income increases from 20,000 to 22,000 frw per month resulting into his increased consumption of meat from 5kg to 6kg per month. Calculate income elasticity of demand for meat. **(2marks)**  
(ii) What type of commodity is this? **(1mark)**
- 4) (a) Differentiate between interest and profit. **(2marks)**  
(b) Calculate the compound interest earned on a principal sum of 100,000frw lent for a period of 3 years at an interest rate of 20% per annum. **(3marks)**
- 5) (a) Distinguish between:  
(i) National income at factor cost and National income at market price. **(2marks)**  
(ii) Real income and Disposable income. **(2marks)**

- (b) Given that money income is 480,000,000 Frw and consumers' price index is 120.
- (i) Calculate real income. (1marks)
  - (ii) Considering the real income found above, is there inflation or not? Justify your answer. (2marks)
- 6) Suggest any five strategies for industrial development in developing Countries. (5marks)
- 7) Give five reasons to explain the geographical mobility of labour. (5marks)
- 8) (a) When does balance of payment deficit occur? (2marks)  
 (b) Identify any three negative effects of a persistent balance of payment deficit on any economy. (3marks)
- 9) Give any five objectives for modernizing agriculture in a developing country. (5marks)
- 10) (a) What do you understand by the term "Unemployment"? (1mark)  
 (b) Discuss any four negative effects of unemployment. (4marks)
- 11) (a) What is the major objective of the private sector? (1mark)  
 (b) Explain any three advantages of the private sector. (3marks)

**SECTION B: ATTEMPT ANY THREE QUESTIONS. (45MARKS)**

- 12) (a) State the quantity theory of money as defined by Lord Maynard Keynes. (3marks)  
 (b) Outline any six limitations of the theory of money. (6marks)  
 (c) Account for six factors that influence the demand for money. (6marks)
- 13) (a) Give and explain any seven reasons that may lead to population increase. (7marks)  
 (b) Explain the importance of the study of population to an economist. (8marks)
- 14) (a) What is meant by "economic integration"? (1mark)  
 (b) Differentiate between:  
     (i) Customs union and a free trade area. (2marks)  
     (ii) A common market and an economic union. (2marks)  
 (c) Discuss any five advantages of economic integration. (10marks)
15. (a) Give any five features that signify economic development (5marks)  
 (b) Discuss any five factors for economic growth. (10marks)

- 16) (a) (i) What is meant by “indicative planning”? **(2marks)**
- (ii) What are the characteristics of a good plan? **(5marks)**
- (b) Why is planning needed in any economy? **(8marks)**



# **Economics I**

## **017**

**01/11/2013 8.30am – 11.30am**

**REPUBLIC OF RWANDA**



**RWANDA EDUCATION BOARD**

**ADVANCED LEVEL NATIONAL EXAMINATIONS 2013**

**SUBJECT : ECONOMICS**

**PAPER I : BASIC PRINCIPLES OF ECONOMICS**

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

**DURATION: 3 HOURS**

### **INSTRUCTIONS:**

1. Do not open this question paper until you are told to do so
2. This paper consists of **TWO** sections **A** and **B**.

**Section A:** This section is compulsory.

**(55 marks)**

**Section B:** Answer **any THREE** questions.

**(45 marks)**

3. Use only blue pen.

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

1. a) i. What is meant by “inter-related demand”? **(1 mark)**  
ii. Explain any two forms of inter-related demand. **(2 marks)**  
  
b) Explain how Government policy may determine the supply of a commodity. **(2 marks)**
2. a) Discuss any three advantages offered by a free enterprise market. **(3 marks)**  
b) i. What is meant by the term “minimum price”? **(1 mark)**  
ii. Explain any two disadvantages of minimum price. **(2 marks)**
3. a) Explain why producers are entitled to profit. **(2 marks)**  
b) State and explain any three types of business ownership. **(2 marks)**
4. a) Give and explain any four factors that determine the supply of labour. **(4 marks)**  
b) Analyze the three main factors that determine the demand for a factor of production. **(3 marks)**
5. a) Differentiate between Gross National Product (GNP) and Gross Domestic Product (GDP). **(2 marks)**  
b) Given that: GDP at factor cost is 5,000million Rwf, Net income from abroad is 1,000million Rwf, and depreciation of capital equipment is 70 million Rwf; calculate the Net National Product. **(3 marks)**
6. a) Define the following terms:  
i. National income. **(1 mark)**  
ii. Net National product. **(1 mark)**  
b) i. Describe the three approaches used to compile National Income. **(3 marks)**  
ii. Distinguish between Money National income and Real National income. **(2 marks)**

7. a) What is meant by:
- i. Public finance? *(1 mark)*
  - ii. Fiscal policy? *(1 mark)*
- b) What are the impacts of the following to the economy?
- i. Subsidies on investment. *(1 mark)*
  - ii. Subsidies on prices of commodities. *(1 mark)*
  - iii. Subsidies on Government expenditures. *(1 mark)*
8. a) Differentiate between subsistence and informal sectors. *(2 marks)*
- b) Outline three factors that have contributed to poor performance in the agricultural sector in Rwanda. *(3 marks)*
9. a) What meant by “trade restrictions”? *(1 mark)*
- b) Explain any two forms of trade restrictions. *(2 marks)*
10. a) Distinguish between the following :
- i. Balance of trade and balance of payment. *(2 marks)*
  - ii. Terms of trade and visible balance. *(2 marks)*
- b) Describe three factors that enable developed countries to benefit more from international trade than developing countries? *(3 marks)*

**SECTION B: ATTEMPT ANY THREE QUESTIONS (45 marks)**

11. a) Give any five conditions necessary for effective planning. *(5 marks)*
- b) Explain any five principles of planning. *(10 marks)*
12. a) i. What is production? *(1 mark)*
- ii. What is the purpose of production? *(4 marks)*
- b) Which characteristics of land distinguish it from other factors of production? *(6 marks)*
- c) What are the functions of an entrepreneur as a factor of production? *(4 marks)*

13. a) Describe any five ways which Government may use to increase aggregate demand to overcome a recession. **(5 marks)**  
b) Explain the functions of commercial banks in your country. **(10 marks)**
14. a) Discuss the role of the International Monetary Fund in the World economies. **(8 marks)**  
(b) i. What are Structural Adjustment Programs (SAPs)? **(1 mark)**  
ii. Give any five SAPs imposed by IMF on developing countries before it grants loans to them. **(5 marks)**  
iii. What is meant by paper gold? **(1 mark)**
15. a) Describe any five characteristics of underdevelopment. **(5 marks)**  
b) Discuss any ten indicators of economic development. **(10 marks)**

**Economics I**

**017**

**15 Nov.2012 2pm - 5pm**

**REPUBLIC OF RWANDA**



**RWANDA EDUCATION BOARD (REB)**

**ADVANCED LEVEL NATIONAL EXAMINATIONS 2012**

**SUBJECT : ECONOMICS**

**PAPER I : BASIC PRINCIPLES OF ECONOMICS**

**COMBINATION(S): HISTORY- ECONOMICS-GEOGRAPHY : HEG**

**HISTORY- ECONOMICS-LITERATURE : HEL**

**LITERATURE- ECONOMICS-GEOGRAPHY : LEG**

**MATHEMATICS-ECONOMICS-GEOGRAPHY: MEG**

**MATHEMATICS-COMPUTER-SCIENCE-ECONOMICS: MCE**

**PHYSICS-ECONOMICS-MATHEMATICS: PEM**

**DURATION: 3 HOURS**

**INSTRUCTIONS:**

This paper consists of **TWO** sections **A** and **B**.

Section A: Answer **ALL** questions.

**(55 marks)**

Section B: Answer **any THREE** questions of your choice. **(45 marks)**

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

1. a) What are the three fundamental economic problems? **(3 marks)**  
b) Give four reasons to explain the importance of studying Economics? **(4marks)**
2. Giving examples of each differentiate between merit and demerit goods. **(4 marks)**
3. What do you understand by:  
a) Scale of preference? **(1 mark)**  
b) Aggregate supply? **(1 mark)**
4. a) Differentiate between open market and free market. **(2 marks)**  
b) Market is classified into market type and market structure,  
Put the following markets into the above classifications: **(2 marks)**
  - i) Market for beans
  - ii) Perfect market
  - iii) Capital market
  - iv) Market for shoes
- c) Give four disadvantages of a Monopolistic competition market. **(4 marks)**
5. a) What are distinctive features of capital? **(3 marks)**  
b) Give the distinguishing features between a variable and fixed factor of production. **(2 marks)**
6. a) What is:  
i) Trade gap? **(1 mark)**  
ii) Supra-National Organizations? **(1 mark)**  
b) Give any four ways by which countries restrict trade among themselves. **(4 marks)**
7. a) Explain how the use of money has solved the problem of barter trade system. **(4 marks)**

- b) Give any three qualities that money must possess in order to perform its functions.  
(3 marks)
8. a) Giving any three examples, explain what you understand by external economies of scale.  
(4 marks)
- b) What three advantages does a firm which practices division of labour enjoy?  
(3 marks)
9. a) What do you understand by piece wage system and what is its main objective?  
(2 marks)
- b) Mention any two advantages and two disadvantages of piece wage system.  
(4 marks)
10. a) What is meant by the tax structure of a country ?  
(1 mark)
- b) Differentiate between an income and a consumption tax.  
(2 marks)

**SECTION B: ANSWER ANY THREE QUESTIONS OF YOUR CHOICE/45MARKS**

11. a) What is technological unemployment?  
(1 mark)
- b) Give reasons why developing countries have failed to create adequate employment opportunities in industrial sector.  
(8 marks)
- c) How is the government of Rwanda trying to create and maintain employment levels?  
(6 marks)
12. a) What is the role of price in free market economy?  
(5 marks)
- b) Agriculture is the back-bone of the economies of developing countries. Explain briefly the effects of price fluctuation of agricultural products on their economies.  
(7 marks)
- c) Suggest and explain three measures which should be taken by the government of Rwanda to encourage commercial agriculture.  
(3 marks)

13. a) Differentiate between economic growth and economic Development. **(9 marks)**  
b) Discuss three determinants of economic growth. **(3 marks)**  
c) Using three arguments explain briefly the positive effects of high population growth on the economy. **(3 marks)**
14. a) i. Distinguish between standard of living and cost of living. **(3 marks)**  
ii. How can the standard of living and cost of living be measured? **(2 marks)**  
b) Give five reasons to explain why the standard of living is low in developing countries. **(10 marks)**
15. a) What is privatization? **(1 mark)**  
b) Discuss reasons pushing less developed countries to privatize government enterprises. **(10 marks)**  
c) Give and explain any four disadvantages of sole proprietorship. **(4 marks)**



**Economics I  
016**

**04 Nov.2011 8.30am – 11.30m**

**REPUBLIC OF RWANDA**



**RWANDA EDUCATION BOARD (REB)  
P.O.BOX 3817 KIGALI. TEL/FAX: 586871**

**ADVANCED LEVEL NATIONAL EXAMINATION 2011**

**SUBJECT: ECONOMICS**

**PAPER I BASIC PRINCIPLES OF ECONOMICS**

**COMBINATION: HUMANITIES (MEG HEG, PEM)**  
**HEL, LEG, MCE**

**DURATION : 3 HOURS**

**INSTRUCTIONS:**

This paper consists of **TWO** sections A and B.

Section A: Answer **ALL** questions.

**(55 marks)**

Section B: Answer **any THREE** questions of your choice. **(45 marks)**

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

1. (a) What is meant by price control. (1 mark)  
(b) State any four forms of price control in an economy. (4 marks)
2. (a) Explain three fundamental economic problems. (3 marks)  
(b) Distinguish between inflationary gap and deflationary gap. (2 marks)
3. (a) Define the term complementary demand. (1 mark)  
(b) Explain the relevance of the concept of price elasticity of demand to government. (4 marks)
4. (a) Study the table below and answer the questions which follow.

Price of commodity x (kg)	Quantity demanded of commodity x (kg)
2000	400
2500	200

- Required;
- (i) Calculate the price elasticity of demand. (1 mark)  
(ii) What form of elasticity does the commodity have and why? (2 marks)
- (b) Under what circumstances will price elasticity of demand for a commodity be price elastic? (2 marks)
5. (a) What is imperfect oligopoly. (2 marks)  
(b) Give three examples of imperfect oligopoly in your country. (3 marks)
6. (a) Explain the Quantity Theory of Money. (2 marks)  
(b) Given that the Quantity of Money in an economy is 1,000,000 Rwf. Its Velocity in circulation is 20 and the number of transactions made are 650.  
Required: calculate the general price level in an Economy. (3 marks)
7. (a) State any four indicators of economic under development in your country. (2 marks)  
(b) Give any three millennium development goals that your country is under taking. (3 marks)
8. (a) What is imported inflation? (1 mark)

- (b) State any four policy measures that can be used to reduce imported inflation in your country. (4 marks)
9. (a) What do you understand by the term geographical mobility of labour? (1 mark)
- (b) Mention any four factors which determine the supply of labour in Africa. (4 marks)
10. (a) Differentiate between autonomous items and accommodating items in the balance of payment accounts. (2 marks)
- (b) Give three reasons why government ownership of public enterprise is desirable. (3 marks)
11. (a) What is commercial policy? (1 mark)
- (b) State any four instruments of commercial policy in your country. (4 marks)

**SECTION B: Answer Only Three questions (45 marks)**

12. (a) Study the table below showing input and output relationship of TP, AP and PM in short run combination and answer the questions that follows.

Quantity of Labour	Total Product (TP)	Average Product (AP)	Marginal Product (MP)
1	43	43	43
2	160	-	-
3	351	-	-
4	600	-	-
5	875	-	-
6	1152	-	-
7	1372	-	-
8	1336	-	-
9	1656	-	-
10	1750	-	-
11	1815	-	-

- (i) Calculate the Average Product and Marginal Product. (5 marks)

- (b) Explain why a firm will continue to operate even when its total revenue is less than its total costs. **(10 marks)**
13. (a) why is it necessary for your country to control rapid population growth rate. **(8 marks)**  
(b) Examine the policy measures the government of Rwanda has adapted to control population growth rate. **(7 marks)**
14. (a) Account for the causes of inflation in last five years in your country. **(8 marks)**  
(b) What policy measures have been taken to control inflation in your country? **(7 marks)**
15. (a) Briefly explain the big push theory of development. **(2 marks)**  
(b) Discuss benefits and costs of economic growth. **(13 marks)**
16. (a) What is multinational corporations? **(1 mark)**  
(b) Assess the contribution of Multinational Corporations in the economic development of your country. **(14 marks)**

①

2008

**Economics I**

**054**

**11 Nov. 2008**

**8.30am-11.30am**

**RWANDA NATIONAL EXAMINATIONS COUNCIL**



**P.O.BOX 3817 KIGALI-TEL/FAX : 586871**

**ADVANCED LEVEL NATIONAL EXAMINATION 2008**

**SUBJECT : ECONOMICS I**

**OPTION : HUMANITIES**

**TIME : 3 HOURS**

**INSTRUCTIONS:**

This paper consists of **TWO** sections: **A** and **B**.

Section A: Answer **ALL** questions.

**(55 marks)**

Section B: Answer **any THREE** questions of your choice.

**(45 marks)**

**SECTION A: Answer ALL questions. (55 marks)**

1. (a) What is a public good? (1 mark)  
(b) Give any two characteristics of a public good. (2marks)  
(c) Distinguish between wealth and welfare. (2marks)
2. (a) Differentiate between equilibrium price and market price. (2marks)  
(b) Given that:  
 $Q_s = 124 + 1.25.P$   
 $Q_d = 189 - 2.25.P$   
Find the equilibrium. (1mark)
3. (a) What is a derived demand? (1mark)  
(b) Distinguish between labour force and labour supply. (2marks)  
(c) Give three reasons why a supply curve of labour slope may be regressive. (3marks)
4. (a) (i) Distinguish between break even point and shut down point of a firm. (2 marks)  
(ii) Outline any four features of monopoly. (4 marks)  
(iii) Discuss the policy instruments that may be used to control monopoly. (4marks)  
(b) (i) Distinguish between GDP and NNP as used in national income. (2 marks)  
(ii) How can you derive  $GDP_{mp}$ ? (1mark)
5. (a) What is the difference between accelerator principle and multiplier principle? (2marks)  
(b) Given that the  $MPC = 0.6$  and the level of national income is 3 million francs. Calculate:  
- PMs (1mark)  
- The size of multiplier, and (1mark)  
- The final change in national income. (1mark)
6. (a) Why is it likely for fresh milk to have a vertical supply curve? (2marks)  
(b) When price of mangoes is 50 Frw per unit, supply is 10 times units and when price rises from 50 Frw to 60 Frw, supply increased from 10 to 15. Calculate the elasticity of supply. (1mark)

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2008

7. (a) Given that price of the commodity increased from 500frw to 1000frw and quantity demanded of commodity decreased from 25kg to 20kg per day.
- (i) Calculate the price elasticity of demand. (1mark)
  - (ii) What form of elasticity does the commodity have? (1mark)
- (b) (i) Commodities X and Y are jointly supplied. How does an increase in demand for X likely to affect the price of Y? (1mark)
- (ii) Give two examples of such commodities. (2marks)
8. (a) (i) Give three ways through which an oligopolistic firm can increase sales without changing prices. (3marks)
- (ii) Outline four features of oligopolistic market structure (4marks)
- (b) Basing on the production theory of a firm, explain the following:
- (i) A firm's optimum point level of output (2marks)
  - (ii) A firm's loss minimization (2marks)
  - (iii) A firm's break even point (2marks)
  - (iv) A firm's point of profit maximisation. (2marks)

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

9. (a) (i) What does the term "Import quotas" mean? (1mark)
- (ii) Give any four reasons why a government may take an increased use of quotas. (4marks)
- (b) (i) Differentiate between favourable terms of trade and favourable balance of trade. (2marks)
- (ii) Does favourable terms of trade imply favourable balance of trade? And why? (2marks)
- (iii) Give two examples of invisible trade. (2marks)
- (c) Given the table below:

Total Revenue(TR)	Total Cost(TC)	Out Put(Salt)
10,000 frw	8,700frw	15kg

- (i) Calculate the price of salt. (2marks)
- (ii) What is the level of abnormal profit per unit? (2marks)

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2009

10. (a) Briefly discuss five reasons why education is important in the development of your country. **(10marks)**
- (b) Present the arguments for and against the policy proposals for "cost sharing" in universities and higher institutions of learning in Rwanda. **(5marks)**
11. (a) (i) What is NEPAD? **(2marks)**  
(ii) Give any five problems likely to be faced by NEPAD in implementation of NEPAD initiatives. **(5marks)**
- (b) (i) Give five reasons why Rwanda joined East African Community. **(5marks)**  
(ii) Distinguish between comparative advantage and absolute advantage for a country. **(3marks)**
12. (a) (i) Distinguish between devaluation, revaluation and depreciation. **(2marks)**  
(ii) When is devaluation carried out? Give any three purposes for devaluation. **(3marks)**  
(iii) Outline five effects of currency depreciation in an economy. **(5marks)**
- (b) (i) What is demand for money? **(1mark)**  
(ii) Give any two factors which may influence demand for money. **(2marks)**
13. (a) (i) Account for high income inequalities prevailing in Rwanda. **(5marks)**  
(ii) Suggest possible remedies to combat such inequalities. **(4marks)**
- (b) Give reasons to justify the following:
- (i) Location of a cement industry at Bugarama where there is relatively low demand for cement.
- (ii) Location of furniture workshops in towns where are no raw materials for making furniture.
- (iii) Location of a bank to Buzinganjwiri that offers services to people who live in Kigali city. **(6marks)**