

**KAMONYI DISTRICT**

**RUNDA SECTOR**

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**ECONOMICS REVISION QUESTIONS FOR SENIOR FOUR**

1. (a) Economics was defined by many economists differently. Outline their definitions and suggest which one is more appropriate and why.  
(b) Explain the reasons why studying Economics is important.
2. (a) discuss the following concepts as used in Economics: price, wealth, wants, goods, commodities and economic agents.  
(b) What is an economic system? List the major economic systems that you know indicating their characteristics.
3. Explain the advantages and the disadvantages of the following economic systems:  
(a) Free enterprise economy  
(b) Command economy  
(c) Mixed economy
4. Read through the sentences below.
  - i) Fewer farmers raising cattle can result in inadequate supply of milk and cheese.
  - ii) After poor weather, corn crops failed to grow, resulting in inadequate supply of food for people and animals, and ethanol for fuel.
  - iii) Those without access to water experience a shortage of water.
  - iv) Depletion of forests in Thailand has led to limited supply of wood. This has forced individuals to take wood from demolished buildings in order to build new ones.
  - v) Waste of water through long showers or allowing water to run while brushing one's teeth can contribute to shortage of water.
    - a. Identify a major economic problem raised by each of the above sentences.
    - b. Discuss the field of study you would put the economic problem you have identified.
5. Explain how Economics prepares you to pursue those professions in future.
6. Explain how studying Economics helps you to interpret the effects such events have on you and your country.
7. A) Identify the major economic problems existing in your country.  
b) Explain how studying Economics helps you to identify those problems.
  - c) Discuss how you can find solutions to the problems identified above.
8. Most companies prefer employing staff on contract than on permanent basis. Discuss.
9. Human beings hardly get satisfied in life. Those who are unemployed wish one day to be employed. The employed on their part, wish to get a promotion and a salary increase. Those with small vehicles desire to own bigger vehicles like Toyota Prado. Those owning bigger vehicles wish they could own jets. People living in rural areas want to move to urban areas, while those in urban areas want to own land in rural areas. Countries too desire to own some assets but they cannot access them.
  - (a) Identify other scenarios showing that human beings, families or governments are never satisfied.
  - (b) Why is this always the case?
  - (c) Suggest any solutions to the above scenarios.
10. Make a research on the following:

- (a) Origin of Economics
  - (b) Importance of Economics
  - (c) Basic terms used in Economics.
11. discuss the relationship between scarcity, choice and opportunity cost, using the PPF.
  12. If water and land are free goods, why do people sell land and bottled water?
  13. carry out research on the shifts in the PPF.
    - a. After undertaking the research, discuss inward and outward shifts of the PPF.
    - b. Explain the reasons why the PPF may shift inwards or outwards.
  14. Inyange Industries Ltd is a firm that deals in production of milk, ghee, juice and bottled water. In starting the firm, proprietors made a number of choices concerning its location, the tools and human resources to employ, the time to engage in production, and the kind of goods to produce. They also identified the consumers of their products. identify and discuss the various economic questions, using the above case study.
  15. How does the PPF explain economic growth or decline in the country?
  16. read through the following statements:
    - (a) (i) Workers are paid good salaries.
    - (ii) HIV/AIDS kills many people in Sub Saharan Africa.
    - (b) (i) Workers should be paid good salaries.
    - (ii) Everybody should learn how to save and invest.
      - a) What is the difference(s) in the above statements?
      - b) Identify the statements that are objective and give what actually happens on the ground.
    - C)What can you say about the other statements?
  17. Twahirwa is a commercial Irish potato farmer in Musanze District. His target is to produce high quality potatoes in large quantities.
    - (a) Explain how the following will affect his anticipated yields.
      - (i) A favourable season.
      - (ii) Use of improved seeds and firm tools.
      - (iii) The price of Irish potatoes.
      - (iv) Government legislation.
    - (b) On which of the above variables does Twahirwa have control?
    - (c) Analyse and find out whether a change in the amount of output produced can have an influence on the four variables.
  18. Differentiate between the following:
    - (i) Positive economics and normative economics.
    - (ii) Endogenous factors and exogenous factors.
    - (iii) Microeconomics and macroeconomics.
  19. Suggest reasons why some sectors get a higher share of the budget than others.
  20. Explain how under capitalist economy there is consumer sovereignty (consumers determine what to be produced for them) while producers are allowed to do whatever they want
  21. a) explain the relationship between endogenous and exogenous variables
    - b)  $10p=8400-4q$  (Qd)  
 $1200=10p-8q$  (Qs)
      - i) calculate equilibrium price and quantity
      - ii) basing on above equations draw demand and supply curve

22.  $y = x^2 + x - \frac{1}{2}x$

$x$	3	0	2	4	5	1
$y$						

- Calculate value of  $y$
- Plot the above information on graph

23.

Commodities	Average price in 2017	Average price in 2018	Weight
Meat	1600	2000	2
Soap	350	450	3
Sugar	650	1000	2
Salt	120	200	5
Milk	200	350	10

Basing on the above table calculate the average weighted index/**10marks**

24. Consider a simple economy producing two goods: cars and milk. The following table gives several points on this economy's production possibility frontier.

Cars (1000's/year)	Milk (1000's of gallons/year)
0	60
1	50
2	30
3	0

calculate the opportunity cost of producing 60gallons instead of 30gallons./**2marks**

25. A team consisting of three people is working on a big project, which involves manual entry of data in a computer, with subsequent processing of these data and making a poster presentation.

Naturally, each member of the team has different abilities in performing either task.

**NGABO** can make 1 poster or 400 data entries in a day. Hard-working **BETTY** can make 2 posters or 1200 data entries in a day. **TONY** can make 3 posters or 900 entries in a day.

- As the time comes to start making posters, you decide to assign one member of the team to this task. Whom would you choose? Explain why. As you make this decision, what is the opportunity cost of each poster made?
  - As there is less and less data remaining to be entered, another person can shift to making posters as well. Which of the remaining two members of the team will you choose this time? Explain your choice. As a result, what is the opportunity cost of each additional poster you will get?
  - Draw a sketch of your team's production possibility frontier, placing the number of numerical entries on the vertical axis and the number of posters on the horizontal axis.
26. Using well labelled diagram differentiate between change in demand and change in quantity demanded
27. (a) The price of Colgate remained constant at 1000 FRW while that of Close-up decreased from 1200 FRW to 800 FRW.
- (b) The prices of cars doubled while that of fuel remained constant,

(c) The price of STI drugs remained constant but that of vacuum flasks increased.  
study the above cases and discuss what would be their effect on the market for the 2nd commodity in each case.

28. Define the following terms as used in Economics.

- (i) Demand
- (ii) Quantity demanded
- (iii) Effective demand
- (iv) Market demand

29. (i) What do you understand by the term price?

(ii) Explain the different methods of price determination in a market.

30. Distinguish between capital market and commodity market.

31. (i) State the law of demand.

(ii) Explain the factors that influence the level of demand for a commodity in a market.

32. The price of commodity Z reduced from 26,000 FRW to 15,000 FRW. This resulted into an increase in its quantity demanded from 60kgs to 134 kgs. Illustrate this information on a demand curve. What appropriate term can you use to refer to the above case?

33. (i) Distinguish between giffen goods and goods of ostentation.

Price of commodity Z (FRW)	Quantity demanded. (Kgs)
1000	5
2500	10
4000	20
5700	15
7000	12
10000	6

Use the figures in the table above to illustrate a demand curve. For which kind of goods does your curve represent?

34. Using examples, distinguish between competitive demand and joint demand

35. Given that  $2P=24-Q_d$  and  $12+2P=Q_s$ , where  $Q_d$  is quantity demanded and  $Q_s$  is quantity supplied.

Determine the equilibrium price and the equilibrium quantity.

Draw a demand curve and supply curve using the above equations

36. Discuss the factors that explain the slope of a normal demand curve.

37. The following are JAY POLLY's scale of preference

- car
- house
- trip to USA
- plot of land
- trip to London

- a) Why can't JAY POLLY have all the items without a scale of preference
- b) If JAY POLLY is willing and able to pay for car and trip to USA only; what the opportunity cost of JAY POLLY?
- c) If JAY POLLY is able to pay for all his needs listed above, would that mean that there is no scarcity, no choice and no opportunity cost? Explain

38. UGABE used 2000dollars to produce tea and coffee,

- the cost of producing unit of coffee was 200dollars
- the cost of producing unit of tea was 100dollars
- due to use of advanced technology the cost of producing coffee reduced 40% while cost of producing tea reduced 20%

illustrate the effect of use of advanced technology to PPF