

Economics 2

0525

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination / Technical and Vocational Education Examination

JUNE 2020

ORDINARY / INTERMEDIATE LEVELS

Subject Title	Economics
Paper No	2
Subject Code No	0525

Two and a half hours

You are required to answer ANY FIVE questions. ONLY THE FIRST FIVE QUESTIONS ANSWERED WILL BE MARKED.

All questions carry equal marks.

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

Turn Over

1. a) Explain **Four (4)** functions of the Entrepreneur as a factor of production. (12 marks)

b) Explain any **Four (4)** of the following concepts

- (i) Circulating capital
- (ii) Social capital
- (iii) Fixed capital
- (iv) Variable cost
- (v) Marginal cost
- (vi) Average fixed cost

(4 x 2=8 marks)

2. a) Explain **Four (4)** ways by which trade between countries are restricted (8 marks)

b) (i) Explain any **Three (3)** reasons why a country will impose restrictions on international trade.

(ii) Advance any **Three (3)** reasons why trade restriction should be eliminated. (6 x 2=12 marks)

a) (i) With the help of examples, distinguish between a Direct and an Indirect tax. (6 marks)

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(ii) Distinguish between a Tax incidence and an impact of a tax. (4 marks)

b) Explain **Four (4)** advantages of an indirect tax. (10 marks)

4. a) State and explain **Four (4)** factors affecting the supply of plantains in a local market in Cameroon. (8 marks)

b) (i) State and explain **Three (3)** factors affecting the elasticity of supply of a community.

(ii) State and explain **Three (3)** uses of price elasticity of demand to the producer. (6 x 2=12 marks)

5. Below is the capital structure of AYZ Company Limited.

1,200,600 FCFA Debenture at 5%

1,000,000 FCFA Preference share at 6%

1,000,000 FCFA Ordinary shares

AYZ in 2010, made a profit of 800,000FCFA.

a) Calculate the share of profit to,

(i) Debenture holders (4 marks)

(ii) Preference shareholders (4 marks)

(iii) Determine the amount of total capital raised from the sales of the different securities (4 marks)

b) Make a distinction between Ordinary shareholders and debenture holders. (8 marks)

6. a) State and explain Four (4) features of a market economic system (8 marks)
b) (i) Explain **Three (3)** advantages of a command economic system (6 marks)
(ii) Explain **Three (3)** reasons why the government intervenes in a Mixed Economic System (6 marks)
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7. a) Distinguish the following terms:
(i) Demand pull inflation
(ii) Cost-push inflation
(iii) Supply of money
(iv) Demand of money (4 x 2 = 8marks)
b) Explain how the central bank of your country can regulate the supply of money in the economy (12 marks)
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8. a) Distinguish between the following pair of terms:
(i) Growing population and ageing population (5 marks)
(ii) Over-population and under-population (5 marks)
b) Explain the effects of rural-urban migration;
(i) In the rural area (6 marks)
(ii) In the urban area (6 marks)
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