

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD
General Certificate of Education Examination

0525 ECONOMICS 1

JUNE 2016

ORDINARY LEVEL

Centre Number	
Centre Name	
Candidate Identification No.	
Candidate Name	

Mobile phone are NOT allowed in the examination room.

MULTIPLE CHOICE QUESTION PAPER

One and a half hours

INSTRUCTIONS TO CANDIDATES

Read the following instructions carefully before you start answering the questions in this paper. Make sure you have a soft HB pencil and an eraser for this examination.

USE A SOFT HB PENCIL THROUGHOUT THE EXAMINATION.
DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.

Before the examination begins:

Check that this question booklet is headed "Ordinary Level – 0525 Economics 1"

Fill the information required in the spaces above.

Fill the information required in the spaces provided on the answer sheet using your HB pencil:
Candidate Name, Exam Session, Subject Code, Centre Number and Candidate Number.

Take care that you do not crease or fold the answer sheet or make any marks on it other than those asked for in these instructions.

How to answer the questions in this examination

Answer ALL the 50 questions in this Examination. All questions carry equal marks.

Each question has FOUR suggested answers: A, B, C and D. Decide on which answer is correct. Find the number of the question on the Answer Sheet and draw a horizontal line across the letter to join the square brackets for the answer you have chosen.

For example, if C is your correct answer, mark C as shown below:

[A] [B] [C] [D]

Mark only one answer for each question. If you mark more than one answer, you will score a zero for that question. If you change your mind about an answer, erase the first mark carefully, then mark your new answer.

Avoid spending too much time on any one question. If you find a question difficult, move on to the next question. You can come back to this question later.

Do all rough work in this booklet, using, where necessary, the blank spaces in the question booklet.

At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet after. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.

Turn Over

1. Money whose face value is greater than the value of its metal content is known as:
- A Standard money
 - B Token money
 - C Paper money
 - D Near money

2. Industries producing commodities that are fragile are better located:
- A Near the source of raw materials
 - B Near the source of power
 - C Near the market outlets
 - D Near the source of power

3. When net migration is positive, it implies that:
- A Immigrants are greater than emigrants
 - B Emigrants are greater than immigrants
 - C Immigrants are less than emigrants
 - D Rural urban migrants are greater than urban rural migrants

4. Co-operative societies that buy and retail goods to members are:
- A Thrift and loan co-operative societies
 - B Producers co-operative societies
 - C Marketing co-operative societies
 - D Consumers co-operative societies

5. Which of the following documents give a public limited company the right to commence business?
- A Articles of Association
 - B Certificate of Trading
 - C Memorandum of Association
 - D Certificate of Incorporation

6. Any addition to the stock of capital is known as:
- A Net investment
 - B Real investment
 - C Gross Investment
 - D True Investment

7. The economic concept of choice is as a result of:
- A Opportunity cost
 - B Scale of preference
 - C Unlimited wants
 - D Scarce resources

8. How is an economic good similar to a free good?
- A Both yield utility to consumers
 - B Both are scarce relative to demand
 - C Both are free gifts of nature
 - D Both command a price in the market

9. Study the table illustrating the utility pattern of a consumer of palm wine.

Number of cups of palm wine	Total utility(in utils)
1	10
2	19
3	24

What is this consumer's marginal utility when he consumes 2 cups of palm wine?

- A 14 utils
 - B 9 utils
 - C 10 utils
 - D 5 utils
10. The practice of mono-cropping over a large piece of land is known as:
- A Subsistence farming
 - B Commercial farming
 - C Plantation farming
 - D Co-operative farming

11. The population of a country is 16 million people and the working population which is 47.5% is effectively employed. What is the number of unemployed?

- A 8,400,000 people
- B 9,600,000 people
- C 5,600,000 people
- D 6,400,000 people

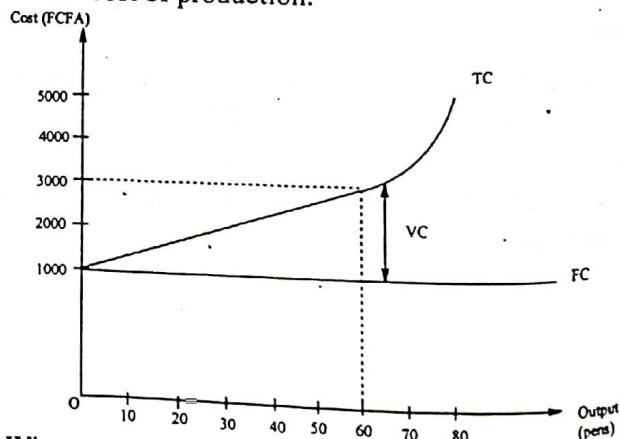
12. When total output is increasing at increasing rate, the return to variable factors is:

- A Constant
- B Increasing
- C Decreasing
- D Negative

13. The main aim of backward vertical integration is to:

- A Acquire more market outlets
- B Gain monopoly power
- C Secure the supply of raw materials
- D Increase retail shops

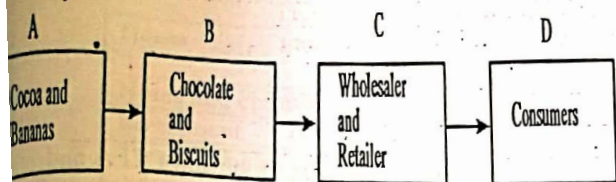
14. This question is based on the diagram showing cost of production.



When output is 60 pens, the variable cost is:

- A 1,000 FCFA
- B 2,000 FCFA
- C 4,000 FCFA
- D 3,000 FCFA

5. Use this diagram and answer the question that follows:



Which letter represents the destruction of utilities?

- A D
- B C
- C B
- D A

To which of the following trade bloc does Cameroon belong?

- A CEMAC
- B UDEAC
- C ECOWAS
- D ECCAS

When the government uses taxation to regulate the economy, she is using what policy?

- A Monetary policy
- B Fiscal policy
- C Physical policy
- D Government policy

Which name would you give to trade among CEMAC member states?

- A Foreign trade
- B Bilateral trade
- C International trade
- D Multilateral trade

Use the data and answer the question that follows:

Year	2010	2011	2012
Index of export prices	100	150	130
Index of import prices	100	120	140

Calculate the terms of trade for 2011.

- A 125
- B 80
- C 120
- D 100

A country registered 200,000 emigrants and 500,000 immigrants in 2012. Net migration is:

- A 300,000
- B -300,000
- C 700,000
- D -700,000

21. Which of the following is a feature of developed countries?

- A High dependency ratio
- B High birth rate
- C High standard of living
- D High level of unemployment

22. What will determine the exchange rate for any currency if we have a free floating exchange rate?

- A The demand for it
- B The supply for it
- C The demand for and supply for it
- D The exchange rate policy

23. A commercial bank operating with a cash ratio of 10%, received bank deposits of 10,000,000 FCFA. Which amount will it keep as cash reserves?

- A 1,000,000 FCFA
- B 9,900,000 FCFA
- C 1,900,000 FCFA
- D 9,000,000 FCFA

24. Which function of money enables the state to collect taxes from individuals?

- A Store of value
- B Measure of value
- C One way payment
- D Medium of exchange

25. A cocoa producer in Cameroon sells his cocoa in Britain for 12,000 FCFA while in Cameroon, he sells it at 15,000 FCFA. How can this be best described:

- A Dumping
- B Devaluation
- C Revaluation
- D Black marketing

26. Excise duties are defined as:

- A Taxes on goods and services
- B Taxes on home made goods and services
- C Taxes on imported goods and services
- D Taxes on consumer goods

27. Which of the following factors can affect the demand for a commodity?

- A The availability of hire purchase facilities
- B The degree of necessity
- C The size of stock available
- D The number of uses of the good

28. The holding of money to take care of any eventual sickness in the family is known as:

- A Transactions motive
- B Precautionary motive
- C Speculative motive
- D Idle balances

29. In which market does the buying and selling of the FCFA takes place?
 A Stock exchange market
 B Capital market
 C Money market
 D Foreign exchange market

30. Which of the following types of agriculture is involve in the cultivation of foodstuff mainly for family consumption?
 A Plantation agriculture
 B Commercial agriculture
 C Peasant farming
 D Arable farming

31. A population in which a greater proportion is made up of old people can be described as:
 A Sparse population
 B Underpopulation
 C Expanding population
 D Declining population

32. The weekly incomes of five (5) sons are as: 2,500 FCFA, 3,000 FCFA, 3,500 FCFA, 4,000 CFA and 4,500 FCFA. Calculate the mean weekly income.
 A 4,000FCFA
 B 3,500 FCFA
 C 4,500FCFA
 D 2,500 FCFA

33. A negative income elasticity of demand suggest that the commodity is:
 A An inferior good
 B A normal good
 C A Veblen good
 D A good of ostentation

34. Paul has 400,000 FCFA and he sets aside 120,000FCFA to buy bread. If a loaf of bread sells at 300 FCFA, what quantity of bread will he buy?
 A 600 loaves
 B 500 loaves
 C 300 loaves
 D 400loaves

35. In which market structure are firms said to be "price takers"?
 A Monopoly
 B Monopolistic competition
 C Perfect competition
 D Monopsony

36. What is the main function of an entrepreneur?
 A Providing capital
 B Insuring the enterprise against risks
 C Employment of workers
 D Risk bearing

37. Which taxation system may help to reduce the gap between the rich and the poor?
 A Progressive tax system
 B Flat rate tax system
 C Proportional tax system
 D Regressive tax system

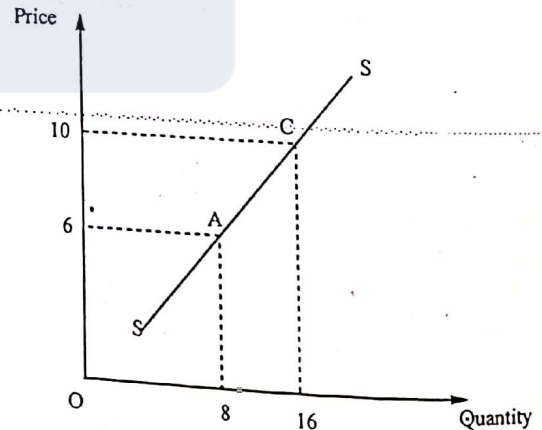
38. If government expenditure is 42 billion FCFA and her revenue stands at 40 billion FCFA. This type of budget is called:
 A Balance Budget
 B Neutral Budget
 C Budget deficit
 D Budget surplus

39. Another name for fixed costs is
 A Prime costs
 B Supplementary costs
 C Explicit costs
 D Suck costs

40. Which type of production is a musician involved in, when entertaining his fans?
 A Indirect production
 B Direct production
 C Tertiary production
 D Primary production

41. Peter changes his job from a cook to a bus driver. This is an example of:
 A Occupational mobility of labour
 B Geographical mobility of labour
 C Voluntary mobility of labour
 D Horizontal mobility of labour

42. Study this diagram that shows the shape of a supply curve.



What is the price elasticity of supply between points A and C?

- A 1,67
- B 1,33
- C 1,85
- D 2,46

43. A debt incurred by the state to finance a war is known as:

- A National debt
- B Internal debt
- C Deadweight debt
- D External debt

44.

Study the balance sheet of a commercial bank and answer the question that follows:

Items	Amount(in million FCFA)
Notes and coins in till	5
Investment	25
Treasury bills	10
Advances to customers	50
Deposits with the central bank	5

What is the value of the bank's liquid assets?

- A 75 million FCFA
- B 95 million FCFA
- C 45 million FCFA
- D 85 million FCFA

47. Given a Gross National Product of 5,600 billion FCFA and a National Income of 5,110 billion FCFA, what is the value of depreciation of productive assets of the nation?

- A 10,710 billion FCFA
- B 5,600 billion FCFA
- C 490 billion FCFA
- D 5,110 billion FCFA

48. Economic planning in Cameroon is necessary in order to:

- A Improve on trade
- B Encourage investment
- C Attract foreign investment
- D Ensure balance development

49. A cheque is a written order by a drawer to a drawee to pay a specified sum of money to a payee. The drawee in this case is:

- A The owner of the bank account
- B The bank where the bank account is
- C The beneficiary to the cheque
- D The creditor of the bank

50. The most profitable function of a commercial bank is:

- A Accepting deposits
- B Agent of payments
- C Giving out loans and advances
- D Issuing cheques to customers.

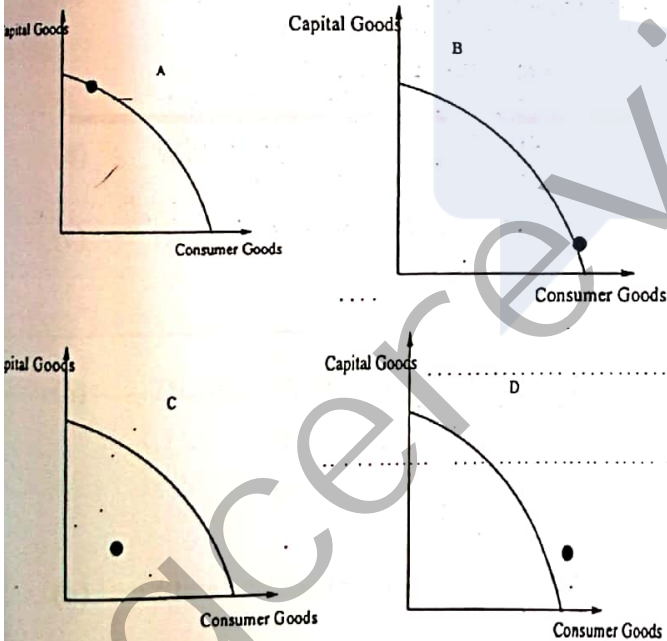
STOP

GO BACK AND CHECK YOUR WORK

45. In National Income, factor incomes flow from:

- A Firms to households
- B Households to firms
- C Consumers to producers
- D Government to consumers

46. All things being equal, which of the countries in the diagrams illustrating the production possibility curves experience a higher economic growth?



- A DIAGRAM A
- B DIAGRAM B
- C DIAGRAM C
- D DIAGRAM D