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TEACHERS' RESOURCE UNIT TRU-RIP-STA MOCK EXAMS NORTH WEST REGION

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Peace-Work-Fatherland

MINISTRY OF SECONDARY EDUCATION

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MARCH 2022

The Teachers' Resource Unit and the Regional Inspectorate of Pedagogy, in collaboration with the North West Economics Teachers' Association (NOWETA)	SUBJECT CODE NUMBER 0725	PAPER NUMBER 3
GENERAL CERTIFICATE OF EDUCATION AND INTERMEDIATE TECHNICAL AND VOCATIONAL EDUCATION REGIONAL MOCK EXAMINATION	SUBJECT TITLE ECONOMICS	
ADVANCED LEVEL		

Time Allowed: **One and three quarter hours**

INSTRUCTIONS TO CANDIDATES

Mobile phones are **NOT ALLOWED** in the examination room.

Answer any THREE questions. All questions carry equal marks.

You are advised to spend the first fifteen minutes reading the paper.

In calculations you are advised to show all the steps in your working.

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

Calculators are allowed.

1. Consider table 1 which shows the output of groundnuts obtained from combining various units of labour with fixed units of land.

Table 1

Units of Land(hectares)	Units of Labour	Total Physical Product(TPP) (Buckets)	Marginal Physical Product(MPP) (Buckets)	Average Physical Product (Buckets)
2	1	100	/	
2	2		100	
2	3		130	
2	4		150	120
2	5		70	110
2	6		50	100
2	7		30	90
2	8		10	80
2	9		00	71.1
2	10		-10	63

a) Complete the table above. **(6 marks)**

b) State the law of variable proportions. **(2 marks)**

c) List **three** assumptions of the law of variable proportions. **(3 marks)**

d) From the table above, identify the range of employment where production experiences

i) increasing marginal returns. **(2 marks)**

ii) decreasing marginal returns. **(2 marks)**

e) If the firm were producing in the long run, what would

i) likely happen to the inputs? **(2 marks)**

ii) be the three possible returns? **(3 marks)**

2. Study Table 2 below which shows the demand and supply schedule for a commodity in a certain free market in an economy.

Table 2

Market price(FCFA)	Market demand (kg per week)	Market supply (kg per week)
600	30	110
500	45	90
400	60	60
300	75	35
200	90	15

a) From the table, over what price range is demand inelastic? **(4 marks)**

b) Plot the data presented on a graph and identify the equilibrium price and quantity. **(6 marks)**

c) Suppose the supply schedule above represents a long run situation and that the demand for the commodity was to increase by 100 % at each price, what would be

i) the new equilibrium price and quantity sold? **(3 marks)**

ii) the price and quantity sold if there were no stocks, and supply was inelastic ? **(3 marks)**

d) State **two** factors that might have caused the increase in demand mentioned in 1(C) above. **(2 marks)**

e) State **two** reasons for the positive slope of a supply curve. **(2 marks)**

3. Read the following extract concerning the low levels of competition in most Sub-Saharan countries and answer the questions that follow.

"The low level of competition in most Sub-Saharan African countries can be attributed to low levels of both domestic and foreign consumption. The weak domestic competition in the environment mainly stems from the market dominance of a few firms, lack of effective competition policies, structural regulatory barriers to entry, and the distortive effects of prevalent fiscal regimes".

(Source: International Monetary Fund Working Paper, African Department, Competition, Competitiveness and Growth in Sub-Saharan Africa, 2020, p 11)

a) i) Identify and define the market structure described by the underlined phrase. (2 marks)

ii) Give two examples of the market structure identified in a(i) above. in Cameroon. (2 marks)

b) State two characteristics of the market structure identified in (ai) above. (4 marks)

c) Give two reasons each for the low:

i) domestic consumption. (2 marks)

ii) foreign consumption of goods from Sub-Saharan Africa. (2 marks)

d) List two benefits of market competition to consumers. (4 marks)

e) State two ways by which competition can be encouraged in an economy. (4 marks)

4. Read the following passage and answer the questions that follow:

"The objective of this paper is to evaluate the effects of the characteristics of commercial banks' balance sheets on the monetary policy transmission of BEAC.... The results reveal that there is an inverse relationship between the characteristics of a bank balance sheet and the transmission of monetary policy. We therefore recommend that monetary authorities should take into account the differential levels of banks' balance sheets while implementing a monetary decision".

Source: Adapted from "Banks' Balance Sheets and Monetary Policy Transmission Mechanism of BEAC published for May 2020.

a) Give the full meaning of the underlined terms and abbreviation in the passage above. (6 marks)

b) Which two assets of the commercial bank's assets are:

i) the main regulatory targets if the objective of the monetary authorities is to reduce unemployment? (2 marks)

ii) the most liquid?. (2 marks)

c) i) Identify the major conflicting objectives of a commercial bank. (2 marks)

ii) Briefly state how a commercial bank reconciles the conflicting objectives identified in c) (i) above. (4 marks)

d) State any **four** limitations on a commercial bank's ability to create credit in Cameroon. (4 marks)

5. Consider table 3 below, showing data generated from a hypothetical economy for a given period of years.

Table 3

Year	Price Index	National Income(MFCFA)
1993	100	4,000
1994	125	9,000
1995	250	5,000
1996	200	12,000
1997	400	7,000
1998	200	8,000

a) Identify the base year and justify your answer. **(3 marks)**

b) i) Distinguish between per capita income and real income per capita. **(4 marks)**

iii) Calculate the real national income in this country from 1993 to 1998. **(6 mark)**

c) From 1995 to 1996, what happened to the

i) value of money? **(1 mark)**

ii) cost of living? **(1 mark)**

iii) standard of living? **(1 mark)**

d) Apart from real national income, mention **four** other parameters that can be used to measure standards of living. \ **(4 marks)**

END