

GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

0525 ECONOMICS 1

JUNE 2022

ORDINARY LEVEL

Centre Number	
Centre Name	
Candidate Identification Number	
Candidate Name	

Mobile phones 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.

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

Before the examination begins:

3. Check that this question booklet is headed "**ORDINARY LEVEL – 0525 ECONOMICS 1**".
4. Fill in the information required in the spaces above.
5. Fill in the information required in the spaces provided on the answer sheet using your HB pencil:
Candidate Name, Exam Session, Subject Code and Candidate Identification 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

6. Answer **ALL** the **50** questions in this Examination. All questions carry equal marks.
7. Non-programmable Calculators are allowed.
8. Each question has **FOUR** suggested answers: **A, B, C** and **D**. Decide which answer is appropriate. 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]

9. 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.
10. 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.
11. Do all your rough work in this booklet using the blank spaces in the question booklet.
12. **At the end of the examination, the invigilator shall collect the answer sheet first and then the question booklet. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**

Turn Over

1. An appropriate strategy to encourage industrialization in Cameroon is:
 - A Grant tax holidays to new industries
 - B Employ foreign labour force in the industry.
 - C Close down training centres to lay emphasis on production.
 - D Discourage export of agricultural products.

2. If the government sets the price of a good below equilibrium, it will lead to:
 - A Excess supply over demand.
 - B Excess demand over supply.
 - C Decrease in demand.
 - D Increase in supply.

3. A gradual fall in the value of fixed assets over time is known as:
 - A Capital formation.
 - B Capital replacement.
 - C Capital depreciation.
 - D Capital maintenance.

4. The quality of money which ensures that all transactions are made possible in an economy is:
 - A Divisibility.
 - B Portability.
 - C Durability.
 - D General acceptability.

5. The basic economic question concerned with the distribution of goods and services is:
 - A For whom to produce.
 - B Where to produce.
 - C How to produce.
 - D What to produce.

6. A government policy achieved by setting minimum and maximum prices is known as:
 - A Monetary policy.
 - B Physical policy.
 - C Fiscal policy.
 - D Regional policy.

7. A likely economic problem that will results when outputs of some firms become the inputs of others in national income accounting:
 - A Stock appreciation.
 - B Stock depreciation.
 - C Double counting.
 - D Black economy.

8. A complete shift of the demand curve to the right is known as:
 - A An increase in quantity demanded.
 - B A change in demand.
 - C A change in quantity demanded.
 - D An increase in demand.

9. A bank customer, Mary, has 70,000FCFA in her current account at BICEC and she is allowed to withdraw 120,000FCFA. Determine the amount of over draft given to her.
 - A 50,000FCFA.
 - B 70,000FCFA.
 - C 120,000FCFA.
 - D 190,000FCFA.

10. How much will a Cameroon businessman require to buy a car in FCFA, given that the said car cost 1000 pounds and where 1 pound = 600FCFA?
 - A 6,000FCFA.
 - B 600,000FCFA.
 - C 60,000FCFA.
 - D 6,000,000FCFA.

11. Roads, national defence and street lights are good examples of:
 - A Consumer goods.
 - B Merit goods.
 - C Public goods.
 - D Free goods.

12. At what price will a consumer be able to buy 8 apples, given that, the demand function $P = 240 - 5Q$. Where P is price in FCFA and Q is quantity of the apples.
 - A 232FCFA.
 - B 280FCFA.
 - C 240FCFA.
 - D 200FCFA.

13. The theory which has a pessimistic view on the rapid population growth, was proposed by:
 - A Thomas Malthus
 - B Adam Smith
 - C Esther Boserup
 - D John Stuart Mill

14. How many denominations of paper money exist in the currency used in Cameroon?
 A 8
 B 5
 C 6
 D 4

15. The omissions made when calculating the national income are represented by:
 A Balancing items
 B Errors and omissions
 C Residual errors
 D Double counting

16. One of the following is a characteristic of development:
 A Low life expectancy
 B High infant mortality
 C Low consumer durable per head
 D High real per capita income

Below are examples of some business organisations.

- i) Sole proprietorship
 ii) Partnership
 iii) Joint stock company
 iv) National/public corporations.
17. Identify two organisations from the list above which are unincorporated:
 A i and ii
 B i and iii
 C i and v
 D iv and v

18. A debt contracted for the fight against malaria is a good example of:
 A External debt
 B Unproductive debt
 C Productive debt
 D Internal debt

19. When government decides to use price control to as measure to curb inflation, a category of inflation is produced known as:
 A Creeping inflation
 B Induced inflation
 C Suppressed inflation
 D Galloping inflation

20. The ability of labour to increase output and quality of work within a short period of time is referred to as:
 A Supply of labour
 B Mobility of labour
 C Demand for labour
 D Efficiency of labour

21. A market situation in which there is only one buyer of a given commodity is referred to as:
 A Monopoly
 B oligosony
 C Duopoly
 D Monopsony

22. The formula; value of visible exports, less value of visible imports, is used to calculate:
 A A balance of payment
 B Current account balance
 C Balance of trade
 D Invisible balance

23. "A situation where producers produce, taking into consideration what consumers want", is generally referred to as:
 A Economic freedom
 B Consumer sovereignty
 C Producer sovereignty
 D Allocation mechanism

24. The exchange of goods and services between Cameroon and Japan can better be described as:
 A Bilateral trade
 B International trade
 C Multilateral trade
 D Multinational trade

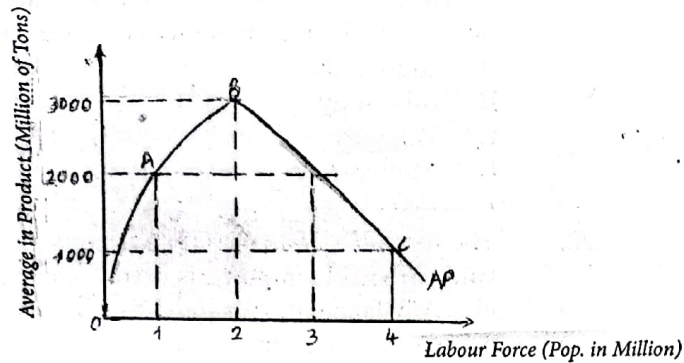
25. If the bank operates on a cash rate of 10%, and receive an initial deposit of 100 million FCFA, it will create maximum deposit equal to:
 A 1000,000.000 FCFA
 B 10,000.000 FCFA
 C 90,000.000 FCFA
 D 100.000.000 FCFA

26. When national income increases such that the quality of life improves in an economy, we refer to it as:
 A Economic growth
 B Economic development
 C Actual growth
 D Potential growth

27. The concentration of firms belonging to a particular industry in one region is referred to as:
 A Industrialisation
 B Concentration industries
 C Localisation of an industry
 D Location of industry

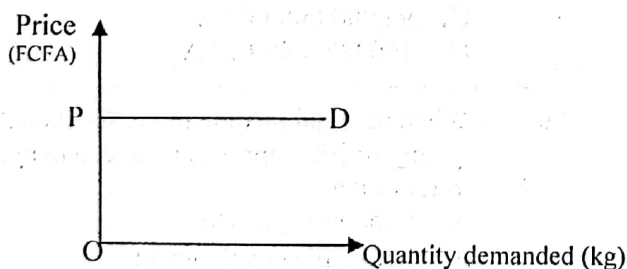
Turn Over

Study the diagram below and answer question 28.



28. What is the population size, which is considered to be optimum:
- A 1 million people
 - B 4 million people
 - C 3 million people
 - D 2 million people
-
29. Direct taxes meet the criteria of a good tax system for the reason that:
- A It is easily avoided
 - B It yields more revenue
 - C It discourages consumption of harmful goods
 - D It is easy to determine tax incidence and impact
-
30. The practice of division of labour is limited by:
- A Monotony
 - B Availability of resources
 - C Small market size
 - D Loss of craftsmanship

Question 31 is based on the diagram below:



31. What is the coefficient of price elasticity of demand.
- A $PED < 1$
 - B $PED > 1$
 - C $PED = 0$
 - D $PED = \infty$

32. Which of the following restrictive trade instruments generate revenue to the state:
- A Tariffs
 - B Embargo
 - C Quotas
 - D Subsidies
-
33. One of the following is a benefit of a small holder from the main plantation:
- A Free houses for workers
 - B Get improved seeds and seedlings
 - C Receive free loans
 - D Receive free chemical for their crops
-
34. A market situation where there is excess demand, such that the supplier of the good takes advantage to impose a price higher than the normal is known as:
- A Buyers' market
 - B Black market
 - C Sellers' market
 - D Monopoly market
-
35. One of the following is a direct form of state intervention in an economy:
- A Imposition of direct and indirect taxes
 - B Granting of subsidies to firms
 - C Control of money supply
 - D Price control
-
36. Which one of the following will reduce the supply of labour in Cameroon?
- A Increase the retirement age
 - B Increase the pay for over time
 - C Facilitate the immigration of labour
 - D Extend the school leaving age
-
37. Which one of the following will be the economic effect of increasing direct taxes in an economy:
- A Increase total demand
 - B Lead to inflation
 - C Reduce investment
 - D Increase employment
-
38. A business organisation which operates with an objective "not for profit":
- A Sole trader.
 - B Co-operative society.
 - C Partnership.
 - D Public limited company.

Study this table that shows the different levels of satisfaction attained by a consumer of Good A and answer the question that follows:

Units of consumption of Good A	Marginal utility (utils)	Total utility (utils)
1	100	-
2	60	160
3	-	200
4	10	-
5	00	210

39. What is the utility for this consumer, when he consumes one unit of Good A:
 A 100 utils.
 B 160 utils.
 C 60 utils.
 D 40 utils.
-
40. A market structure where firms practice product differentiation but there is freedom of entry and exit is known as:
 A Monopolistic competition.
 B Monopoly market.
 C Perfect competitive market.
 D Oligopoly market.
-
41. Suppose the total cost of a company is 250,000 FCFA, total variable cost is 100,000 FCFA and output is 20 units, what is the total fixed cost?
 A 10,000 FCFA.
 B 150,000 FCFA.
 C 14,000 FCFA.
 D 350,000 FCFA.
-
42. A balance of payment deficit can be corrected in the short run by:
 A Increasing foreign reserves.
 B Devaluing a country's currency.
 C Selling investments abroad.
 D Reducing expenditure on imports.
-
43. The cost of production which does not change as output changes in the short run is called:
 A Total cost.
 B Average cost.
 C Variable cost.
 D Fixed cost.
-
44. Company AWZ decides to raise capital through the sale of shares as follows:
 100 preference shares of 5% at 500frs each,
 50 debentures of 5% at 1000frs each,
 300 ordinary shares at 500frs each.
 What is the value of capital raised by the sale of the most risky share?
 A 50,000FCFA.
 B 650,000FCFA.
 C 500,000FCFA.
 D 150,000FCFA.
-
45. Assume the GDP for country Z is 450 billion FCFA and the GNP is 550 billion FCFA. What is the value of Net property Income Received from Abroad (NPIRA)?
 A 1000 Billion FCFA.
 B 470 Billion FCFA.
 C 100 Billion FCFA.
 D 570 Billion FCFA.
-
46. Mr. Tarh in a sunny day gets 50 utils in consuming a bottle of coke, When he settles for the second bottle, his total satisfaction rose to 90 utils. An attempt to consume the third bottle his marginal utility fell to 30 utils. What is his total utility for consuming the third bottle of coke?
 A 60 utils.
 B 120 utils.
 C 170 utils.
 D 80,utils.
-
47. Which other name is given to "maximum price" used by the government to protect consumers?
 A Ceiling price.
 B Black market price.
 C Normal price.
 D Floor price.
-
48. Population of country Y is 30 million people. 40% is made up of the labour force, while 30% is made up of the young. Determine the dependency ratio of this population:
 A 150%.
 B 75%.
 C 10%.
 D 70%.
-

A government decides to borrow from its partners as follows:

Banks within the country 10 million FCFA
Corporate sector at home 20 million FCFA
Private individuals at home 5 million FCFA
Foreign Banks 40 million FCFA
Foreigners 25 million FCFA

49. What is the value of the internal debt?

- A 30 million FCFA.
 - B 35 million FCFA.
 - C 100 million FCFA.
 - D 65 million FCFA.
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50. One of the objectives of a central bank is:

- A Profitability.
 - B Liquidity.
 - C Regulate money supply.
 - D Security.
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GO BACK AND CHECK YOUR WORK