

**SOUTH WEST REGIONAL MOCK 2024
ECONS MARK GUIDE**

PAPER TWO

QUESTION ONE

Distinction between

a) Economic Growth and Economic Development

- a.** Economic growth refer to the sustainable increase in the real GDP of a country of a period of one year **while** economic development refers to an improvement in the quality of life of people in a society of a given period of time.

4 marks

b. Factors that hinder Economic Growth

- Low level of investment
- Low level of education and training
- Inadequate natural resources
- Low level of entrepreneurial culture
- Political instability
- Falling aggregate demand
- Absence of economies of scale **2 x 5 point = 10 marks**

c. Methods of Measuring National income

- **Expenditure method:** NI is measured by adding up all final expenditures by the different sectors of the economy; spending of household, firms, government and net export.
- **Income method:** NI is measured by summing total income

- received by factors of production; rents, wages, interest, profits, dividend.
- **Output method:** NI is measured by summing total final output or sum of value added.
- **2 x 6 points = 6 marks**

QUESTION TWO

a)

- i. Limited liability
- ii. Separate legal entity
- iii. Shares
- iv. Prospectus
- v. Gearing ratio
- vi. Democratic principle **1 x 6 = 6marks**

b) Differences between a Public limited company and a Public Corporation

– Ownership

- Objective
- Source of capital
- Risk bearing
- Control
- Formation **2 x 4 points 8 marks**

c) Reasons for privatisation in Cameroon

- To reduce government spending
- To encourage competition
- To increase consumer's choice
- To raise government revenue
- To reduce government influence in the economy
- To ensure an efficient allocation of resources
- To encourage invention and innovation **2 x 3 = 6 marks**

QUESTION THREE

a) Differentiate Between

i. Vertical integration and Horizontal integration

vertical integration is the coming together of two or more firms at different stage of production **WHILE** horizontal integration is the coming together of two or more firms at the same stage of production. **4 marks**

ii. conglomerate and lateral integration

Conglomerate is the coming together of two or more firms producing unrelated products

e.g soap factory merging with a cigarette factory **WHILE** a lateral integration is the coming together of two or more firm producing unrelated product but using similar productive techniques eg the Brasseries Du Cameroun and Supermont . **4 marks**

b)

Output (Kg)	Total Cost (000FCFA)	Total Fixed Cost (000FCFA)	Marginal Cost (000FCFA)	Total Revenue (000FCFA)	Marginal Revenue (000FCFA)	Profit (0000 FCFA)
0	50	50	-	0	0	0
1	80	50	30	60	60	-20
2	110	50	30	120	60	10
3	120	50	10	180	60	60
4	180	50	60	240	60	60
5	260	50	80	300	60	40

2x4 = 8marks

ii. 4th output because MC=MR and Total profit is highest. **1 mark**

iii. 60,000FCFA
1mark

c)Reasons why small firms still exist despite the advantages of large firms

- limited capital
- Small market size
- Nature of the product
- Fear of risk
- Government assistance
- Optimum size
- Disintegration of large firms

2 x 2 = 4 marks

QUESTION FOUR

a)significance of population census to a country

- To determine the labor force
- To determine the number of tax payers
- To know the size of the population

- To determine the per capita income
- To determine the number of voters
- To determine the market size
- For regional planning **4 x 2= 8 marks**

b) Problems encountered when conducting a population census

- Inadequate capital
- Inadequate trained personnel
- Inaccessibility of some areas
- Communication problem
- Wrong information
- Late publication
- Double counting **4 x 2= 8 marks**

C)effects of

I) An expanding population

- Increase in the demand for goods and services needed by young
- increase invention and innovation
- Pressure on available resources
- Increase in future labor force
- High dependency ratio **1 x 2 = 2 marks**

ii)A Declining Population

- Increase demand for goods and services needed by the old
- Fall in labor force
- Fall in invention and innovation
- Increase government spending
- Underutilization of resources **1 x 2 = 2 marks**

QUESTION FIVE

a) Distinction between

I) Devaluation and currency depreciation

Devaluation is the official reduction in the exchange rate of a currency with respect to other currencies **WHILE** currency depreciation is a decrease in the exchange rate of a currency as a result of changes in in demand and supply of the currency in the foreign exchange market. **4 marks**

II) **Balance of Payment and Balance of Trade** Balance of payment is a record of a country's transaction in international trade over a period of one year **WHILE** balance of trade is the difference between visible export and visible import. **4 marks**

b) Reasons why countries engage in international Trade

- Differences in climate
- Differences in technology
- Uneven distribution of resources
- Immobility of factors of production
- Over production
- To extend the product life cycle **4 x 2 = 8 marks (stating= 1 marks, explanation = 1 marks or Mark as a whole)**

C) Disadvantages of Dumping to and economy

- Leads to the collapse of infant industries
- leads to unemployment
- Leads to over dependency
- leads to BOP deficit
- It may lead to trade war **2 x 2 = 4 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)**

QUESTION SIX

a)

Direct Taxes	Indirect Taxes
Capital gain tax	Value added tax
Corporate tax	Tariffs
Personal income tax	Excise duties

6 x 1 = 6 marks

b) Ways by which the Government spends her revenue

- Economic infrastructures
- Social infrastructures
- Transfer payments
- Subsidies
- Natural disaster management
- International contribution
- National debt servicing **3 x 2 = 6 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)**

C) Qualities of a good tax system

- Equity
- Convenience
- Certainty
- Economy
- Flexibility
- Efficiency **3 x 2 = 6 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)**

d) Distinction between surplus Budget and Deficit Budget

A surplus budget is a situation where government expected revenue from taxes exceeds government planned expenditures while a deficit budget occurs when government planned expenditures exceeds the expected revenue from taxes.

4 marks

QUESTION SEVEN

a)

i) $Q_d = Q_s$
 $30 - 3P = 2P + 10$
 $30 - 10 = -2P + 3P$
 $20 = 5P$

$$4 = P$$

4 marks (working = 3 marks and answer = 1 mark)

ii. Replace P by 8 in any of the function.

From Qd fcn : $Q_d = 30 - 3(4)$

$$30 - 12 = 18$$

4 marks (working = 3 marks and answer = 1 mark)

b) Functions of price mechanism

- Rationing
- Efficient allocation of resources
- rewarding factors of production
- signaling **3 x 2 = 6 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)**

c) Effects of minimum price control

- It leads to shortage
- It leads to black market
- It leads to preferential treatment
- It leads to rationing
- It leads to BOP deficit
- It discourages production **3 x 2 = 6 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)**

QUESTION EIGHT

a) Distinction between location and localisation of industries

Location of an industry refers to the actual site where an industry is found e.g. SONARA in Limbola – Limbe **WHILE** localisation refers to the concentration of industries in a particular region e.g. the concentration of industries in Douala, Yaoundé and Bafoussam.

4 marks (concept = 3 marks example= 1 marks. Without conjunction, mark on half the mark)

b) Factors that may influence the location of industry in Cameroon

- Proximity to raw material
- Proximity to market
- Proximity to power
- Proximity to cheap labour
- Location of other industries
- Government policy
- Proximity to water

4 x 2 = 8 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)

C) Ways by which the government of Cameroon encourages Agriculture

- Subsidization
- Creation of research centres
- Construction of farm to market roads
- Price stabilization
- Creation of agricultural schools
- Organization of Agric shows
- Encouraging cooperative movements

4 x 2 = 8 marks (stating= 1 marks, expla = 1 marks or Mark as a whole)