

**NORTH WEST REGIONAL MOCK
2025.ECONOMICS 0525 O/L MARK GUIDE
PAPER ONE (1)**

S/N	1	2	3	4	5	6	7	8	9	10
ANS	D	B	A	C	A	D	C	B	D	A
S/N	11	12	13	14	15	16	17	18	19	20
ANS	B	C	D	B	A	C	A	A	B	A
S/N	21	22	23	24	25	26	27	28	29	30
ANS	D	C	B	D	B	A	C	B	D	D
S/N	31	32	33	34	35	36	37	38	39	40
ANS	A	B	C	A	B	D	A	C	B	D
S/N	41	42	43	44	45	46	47	48	49	50
ANS	A	B	D	D	C	D	A	B	C	B

PAPER TWO (2)

1.(a) (i) Demand for labour is the number of labour employed at a given wage rate over a period of time while supply of labour is number of man hours a worker is willing and able to offer at a particular wage rate and at a particular time in order to produce goods and services (3mks with a conjunction) (ii) Efficiency of labour is the ability of labour to achieve a greater output within a short period without a fall in the quality of the work done while division of labour is the a situation where the production process is split or divided into stages such that each stage is undertaken by an individual or group of persons or machines. (3 mks with a conjunction) (iii) Mergers occurs when two or more firms voluntary come together to form a new larger firm in order to enjoy internal economies of scale while economies of scale is the cost –saving advantages firms will enjoy as a result of large scale production or increase in the size of its output which leads to falling average cost or as a result of concentration of firms in a particular area (3 marks with a conjunction) (iv) Capital is wealth set aside for the production of further wealth while wealth is a stock of goods and services existing at a particular place within a given period of time.(2 marks with a conjunction) NB. Mark on half if there is no conjunction.

(b)-i) Fixed costs are costs associated with fixed factors of production and do not vary when output changes (1 mk). $FC = \text{Interest (4,000)} + \text{insurance (8,000)} + \text{depreciation allowances (5,000)} = 17,000$ FCFA (2mks)(ii) Variable costs are cost associated with variable factors of production and changes with output (1 mk) $VC = \text{Salary of the driver (10,000)} + \text{Fuel charges (25,000)} = 35,000$ FCFA(2mks)

c) Provision of transport allowances, provision of housing facilities, transfer of workers with promotion, provision of social amenities etc (1x3)=3mks

2. (a) i) Multilateral trade is trade between more than 2 countries. 2mks (ii) Balance of payments shows the relationship between a country's total receipts from countries and payments made to them on goods, services and capital movement within a period of one year(2 mks)(ii) Exchange rate is the price of one currency in terms of another currency or currencies(2mks)(iv) Currency appreciation is a free increase in the external value of currency due to the forces of demand and supply (2mks)

(b) Quotas, tariffs, embargoes, exchange control, complex custom procedures, subsidies etc 2 mks per well explained point 2x3= 6 mks

(c) Cripples infant industries, leads to dumping, increases negative externalities, slows down economic growth, leads to capital flight, Consumption of harmful goods, leads to Bops deficit, leads to imported inflation etc Stat=1 mk, expl=1mk 2x3= 6 mks)

3. (a) (i)- Current account is an account in which money deposited can be withdrawn at any moment with use of cheque the account holder pays charges on the deposits while deposit account is that where money deposited can only be withdrawn when notice is given to bank in advance and interest is paid to the customer on these deposits. (ii) Demand for money is the desire to hold money in its liquid form rather than investing or saving it while the value of money is he quantity of goods and services that a given sum of money can buy. It is the purchasing power of money.(iii) Demand pull inflation is a situation of persistent increase in the general price level caused by excess demand over supply at full employment while cost-push inflation is a situation of persistent increase in the general price level caused by increase in the cost of production (iv) Fiat money is a legal tender declared by the government to be used as a medium of exchange and to settle debts but which is not backed by government securities whereas near money is any financial asset which serves as a store of value but cannot serve as a medium of exchange since it is not liquid (2+2+2+2=8 mks).

b) Accepting of deposits, granting of loans, acting as agent of payment, safe keeping of valuables, give investment advice, provide travelers cheques,

provide cash dispensers after the bank has closed etc. Outline= 1 mk, explain=1 mk 2x3= 6 mks
 (c) Increases the cost of production and selling prices of goods, Fall in investment, leads to balance of payment deficit, Fixed income earners make losses, Discourages savings, leads to labour unrest, leads to money illusion etc (State=1 mk, explain 1 mk, 2x3= 6mks)

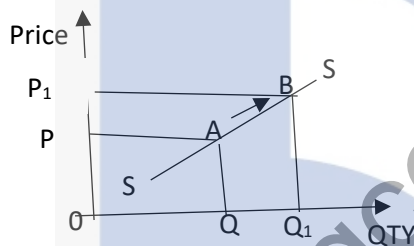
4.(a)(i) Cross Ed is the degree of responsiveness of a change in quantity demanded of one commodity due to a change in the price of another commodity.(2 mks)

(ii) Income Ed is the degree of responsiveness of a change in quantity demanded due to a change in income(2 mks)

(i) $PED = \frac{\text{change in Qty dded}}{\text{Change in I}} \times \frac{I}{Q} = \frac{60}{100} \times \frac{4000}{800} =$

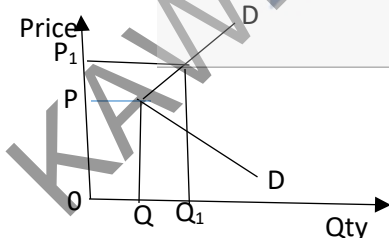
3 (Normal good). You can also use the percentage change method. (3 marks)

(ii) Extension in supply is an upward movement along the same supply curve caused by an increase in the price of the commodity



The upward movement from A to B is known as extension in supply (Definition 2 mks, diagram= 2 mks)

(iii) Case of Goods of ostentation or Veblen goods, expectation of future rise in price



From the diagram above, when price increase from 0P to 0P1 quantity demanded increases from 0Q to 0Q1 (3 marks)

(b) Exploitation of consumers through increase in prices, inefficiency, limits consumers' freedom of choice, creation of artificial shortage and increase prices, Lack of

incentives for research lead to production of low quality products etc (mark as a whole 2x3=6 mks)

5. (a)- (i) Economic growth is increases in a country's real GDP or increases in a country's productive capacity while Economic planning is the process of distributing resources of the country over a given period so as to ensure effective control, management of the economy in order to ensure balance growth (ii) Fiscal policy is a deliberate manipulation of government revenue (taxes) and government expenditure in order to achieve government objectives while physical policy is the direct government intervention in the economy in order to achieve desirable social and economic objectives such as economic growth, high level of employment ,price stability etc

(iii) Saving is the portion or part of disposable income not spent on final goods and services while hoarding in economics refers to the act of purchasing and storing a large amount of a particular product, creating scarcity of that product and ultimately driving the price of that product up . (3+3+3+2 mks)

(b)- To compare standard of living over time, to compare standard of living between countries, to compare the rate of economic growth over time, to know the amount of contributions to international organisations, to classify countries, for economic planning, to guide investors etc (3 well explained points x 2 marks each = 6 marks)

(c) Increase in standard of living, equitable distribution of income, improves the BOPs, increases employment opportunities, increase in government revenue, poverty reduction, reduction of the burden of national debt etc stating = 1 mk, explanation =1 mk, 2x 3= 6 marks

(6) (a) (i) Location of industry is the siting of a firm or an industry in a particular place or area while localization of industries is the concentration of firms of an industry in a particular place or area. Distinction with conjunction 4 marks . No conjunction= 2 marks. One side correct= 2 marks

(ii) To: decongest some areas, ensure balanced regional development, avoid structural unemployment, reduce social costs, reduce rural urban migration, ensure equitable distribution of income and wealth etc (2 mark per well explain point, 2 x3= 6 mks)

(b) (i) Riskiest capital is Ord shares 2,000 x 1,000=2,000,000 FCFA (2 marks)

(ii) $\frac{\text{Dividends on Preference shares}}{\text{Monetary value of preference shares}} \times 100/1 = \frac{20,000}{1,000,000} \times 100/1 = 2\%$ (2 marks)

(iii) Debenture holders are creditors to the company while Shareholders are owners of the company, Debenture holders receive interest while shareholders receive dividend, Debenture holders are paid before the shareholders when profits are made etc 2 marks for any distinction with a conjunction

(C) Price fluctuation, illiteracy and ignorance of farmers, poor farm to market roads, use of crude tools, pest and diseases, climate fluctuation, inadequate storage facilities etc (1x4=4 marks)

(7) (a) (i) Direct taxes are taxes on the incomes, wealth of individuals and on the profits of companies and incidence of the tax falls on whom the tax is imposed. 2MKS

(ii) Indirect taxes are taxes levied on goods and services. The incidence of the tax depends on elasticity of demand. 2MKS

(iii) National debt is the accumulated borrowing of the central government for the past years which has not been refunded. 2MKS

(iv) Unemployment is a situation whereby those willing and able to work do not have jobs at the current wage rate. 2MKS

(v) Progressive tax a tax system whereby the tax rate increases as incomes increase (MRT>ART) 2MKS

(b) Debt repayment and servicing, contribution to international organisations, maintenance of defence, law and order, provision of public and merit goods and services, disaster management, public investments etc 2mks per well explained points (2 x3=6marks)

(c) Provision of information on job opportunities, reduction of income and company taxes, change of educational system, subsidies to domestic producers, reduction of direct and indirect taxes, opening of more retraining centres, reduction in formalities for the creation of industries, etc (1+1+1+1+1= 4 marks)

8. (a) (i) Population explosion refers to a rapid and significant increase in the size of population . (2 marks)

(ii) Dependency ratio shows the relationship between the dependent population (young +old) and the independent population (working population) (2 marks)

(iii) Optimum is that population which when combined with the available resources and state of technology, output per head is maximised . (2 marks)

(iv) Utility is the satisfaction derived from the consumption of a good or service at a given time. 2 marks

(b) Poverty, availability of medical facilities, occurrence of natural resources, risky occupations, man made disasters, standard of living, etc stating 1 mark, explanation 1 mark (3x 2 marks= 6 marks)

(c) Private ownership of business wealth, Little or no government intervention, freedom of choice and enterprise, consumer's sovereignty, reliance on price mechanism, self interest, inequality in income etc . Listing =1 mk, explanation=1 mk 3x2= 6marks)

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