

Friday, 30/7/2021
08:30 – 11:30 AM

Names

Index number

TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

QUESTIONS and ANSWERS BOOKLET

OPTION /TRADE: **CUSTOMS AND TAX OPERATIONS**

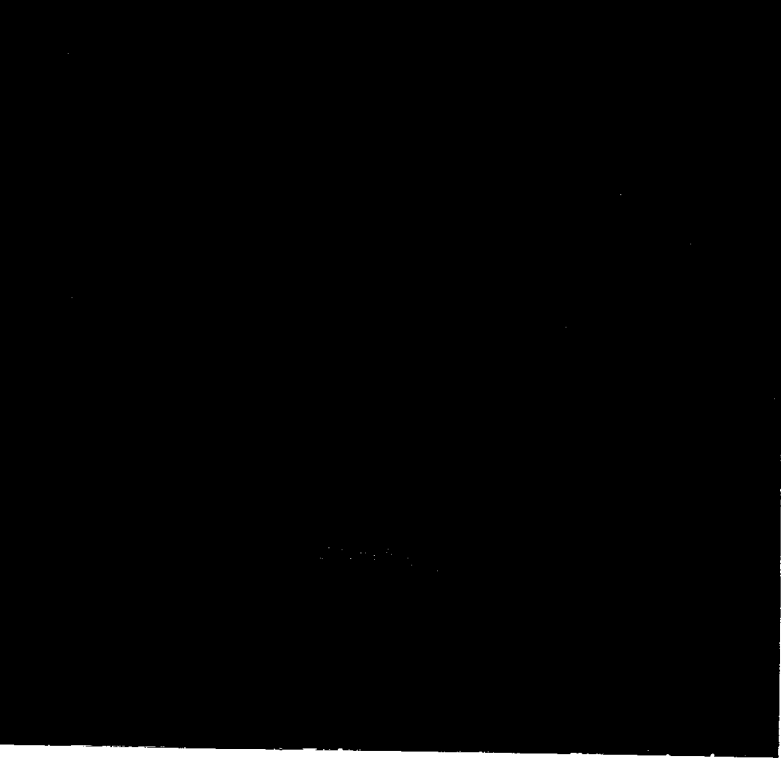
SUBJECT: Economic Environment

ACADEMIC YEAR: 2020-2021

Read carefully the instructions on page (i) & (ii).

ALL NUMERIC INFO ONLY

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TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

INSTRUCTIONS TO CANDIDATES: PART I (Answer Booklet)

1. A candidate should fill in the actual names and the index number on the cover of this questions and answer booklet on the provided place (Black Box).
2. It is illegal for a candidate to write any of his/her names, index number or a school name inside the answer booklet.
3. A candidate should check if all pages of the answer booklet are complete. No candidate should remove or tear any pages or part of it from the answer booklet.
4. A candidate should answer in the language in which the examination is set. (See page **(ii)**)
5. A candidate should sign on the sitting plan when submitting the answer booklet. He/she has also to check if the answer booklet is well sealed.
6. No extra paper is allowed in the examinations room. If a candidate is caught with it his/her results will be nullified.
7. No candidate is allowed to write answers not related to the subject being sat for, otherwise it will be considered as a cheating case.
8. Write your answers on the 12 lined pages (From page 1 of 12 to page 12 of 12).
9. Use the last non-lined pages as draft.
10. Results for any candidate who is caught in examination malpractices are nullified. The cheating can be recognized during examinations administration, marking exercise or even thereafter.

TVET NATIONAL EXAMINATION, RTQF LEVEL 5, 2020-2021

OPTION/TRADE: CUSTOMS AND TAX OPERATIONS

SUBJECT: Economic Environment

DURATION: 3 hours

INSTRUCTIONS TO CANDIDATES: PART II (Question Paper)

The paper is composed of two (2) main Sections as follows:

Section I: Attempt all the Twelve (12) questions

(60 marks)

Section II: Attempt any Four (4) questions out of Six (6)

(40 marks)

Allowed materials:

- Ruler and square
- Calculator

Note:

Every candidate is required to carefully comply with the provided assessment instructions.

Section I: Attempt all the Twelve (12) questions (60 marks)

01. Differentiate microeconomics from macroeconomics. **(5 marks)**

02. a) Distinguish between taxes and fees. **(3 marks)**

b) There are different general causes of inflation in developing countries. Enumerate any two (2) of them. **(2 marks)**

03. Copy the table below and match Column A to Column B: **(5 marks)**

Column A	Column B
Non-excludability	This means that when a goods is consumed, it does reduce the amount available for others
Non-rivalry	This occurs when it is not possible to provide goods it being possible for other to enjoy.

04. a) List down any two (2) pillars and crosscutting areas of the Vision 2020. **(3 marks)**

b) Enumerate two (2) types of money supply. **(2 marks)**

05. a) Distinguish price ceiling from price floor. **(2 marks)**

b) Mention any three (3) assumptions of the PPF. **(3 marks)**

- 06.** Answer by using True or False for the following statements:
- a)** SACCOs means saving and credit corporations.
 - b)** Bank is non-financial institution that accepts deposit from customer and avail the deposit to the right owners on demand.
 - c)** Externalities are benefits and costs that affect those outside of private market models.
 - d)** Inflation refers to the continuous rise in general price level of goods and services.
 - e)** Monopoly is that situation of market structure where many firms control the whole supply of any commodity and there are no close substitutes of that commodity.
- (5 marks)**
- 07.** Pinpoint any five (5) examples of the commercial banks in Rwanda.
- (5 marks)**
- 08. a)** What are public goods?
- b)** What are the characteristics of public goods? **(5 marks)**
- 09. a)** Define the term money. **(2 marks)**
- b)** Provide any three (3) qualities of good money. **(3 marks)**
- 10.** What is the central bank? Write any three (3) functions of central banks. **(5 marks)**
- 11.** State at least five (5) types of inflation according to the theories of inflation. **(5 marks)**
- 12. a)** State at least four (4) objectives of privatization. **(2 marks)**
- b)** State at least three (3) determinants of the country's national income. **(3 marks)**

Section II: Attempt any Four (4) questions out of Six (6)

(40 marks)

- 13. a)** Tax is a compulsory payment by individual or by businesses to the government. Why does the government impose taxes upon business and individual? Explain at least five (5) reasons. **(5 marks)**
- b)** State any five (5) problems faced by commercial banks in Rwanda. **(5 marks)**
- 14. a)** Differentiate Central bank from commercial bank. **(5 marks)**
- b)** Explain briefly any five (5) factors that influence the elasticity of supply. **(5 marks)**
- 15. a)** Discuss the different conditions for perfect market. **(5 marks)**
- b)** Differentiate banking from non-banking financial intermediaries. **(5 marks)**
- 16.** Illustrate at least ten (10) causes of income inequality. **(10 marks)**

17. a) What do you mean by price elasticity?
- b) Explain at least six (6) determinants of price elasticity
- c) (i) from the information provided in the table below,
calculate income elasticity of demand.
- (ii) What type of commodity x

Income	Demand of commodity
7000	12
10000	8

(10 marks)

18. A company is selling an item for $p_s = \text{Frw } 5$. Profit is related to selling price p by: $P = 50000p_s - 6250p_s^2$

- a) Is the profit an increasing function or a decreasing function when $p_s = 5$?
- b) If the price is changed to frw 4.75, find whether profit would increase or decrease and find the change in profit.
- c) At what price is the profit maximized?

(10 marks)

