| ECONOMICS I |
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| 28/07/2022   8:30 AM -11:30 AM |

NESA
NATIONAL EXAMINATION AND
SCHOOL INSPECTION
AUTHORITY

ADVANCED LEVEL NATIONAL EXAMINATIONS, 2021-2022

SUBJECT: ECONOMICS I

PAPER I: BASIC PRINCIPLES OF ECONOMICS

COMBINATIONS:

- HISTORY–ECONOMICS- GEOGRAPHY **(HEG)**
- HISTORY–ECONOMICS- LITERATURE **(HEL)**
- MATHEMATICS –ECONOMICS- GEOGRAPHY **(MEG)**
- LITERATURE-ECONOMICS- GEOGRAPHY **(LEG)**
- MATHEMATICS-COMPUTER SCIENCE-ECONOMICS **(MCE)**

DURATION: 3 HOURS

INSTRUCTIONS:

1) Write your names and index number on your answer booklet as they appear on your registration form and **DO NOT** write your names and index number on additional answer sheets if provided.

2) Do not open this question paper until you are told to do so.

3) This paper consists of **Two** sections: **A** and **B.**
    SECTION A: Attempt **ALL** questions.   **(55 marks)**
    SECTION B: Attempt any **THREE** questions.   **(45 marks)**

4) Candidates must give explanations with relevant examples where necessary.

5) Use only a **blue** or **black** pen.

SECTION A: ALL QUESTIONS ARE COMPULSORY (55 marks)

1) Explain any five fundamental economic priorities put in place by producers before making a decision of allocating their resources in the production of commodities. **(5 marks)**

2) a) Distinguish between supply and quantity supplied. **(2 marks)**

   b) Use the information in the table below and answer the questions that follow.

QUANTITY SUPPLIED (Kilograms)	PRICE (Rwf)
10	1000
8	800
6	600
4	400
2	200

   Required:

   Illustrate the above information on a graph. **(2 marks)**

3) Complete the blank spaces with appropriate words.

   a) The process of changing raw-materials into intermediate or final goods as desired by the consumer to satisfy his/her needs is known as .... **(1 mark)**

   b) According to Adam Smith, the main purpose of production is .... while according to Keynes, the main purpose of production is .... **(2 marks)**

   c) .... is the production of goods and services for one's own consumption while ....is the production of goods and services mainly for sale in the market. **(2 marks)**

4) Use the information in the table below to answer the questions that follow.

Out put	TC	TFC	TVC
0	50		
1	80		
2	90		
3	95		
4	105		
5	125		
6	170		

Calculate TVC and TFC and fill the table. **(7 marks)**

5) Analyse the information in the table below and answer the questions that follow.

Scale of production	Labour units	Land units	Total returns	Marginal returns
1	1	2	4	4
2	2	4	10	6
3	3	6	18	8
4	4	8	28	10
5	5	10	38	10
6	6	12	48	10
7	7	14	56	8
8	8	16	62	6

a) Represent the above information on a graph. **(3 marks)**

b) On the graph drawn in a) above, indicate the areas of <u>increasing returns</u>; <u>constant returns</u> and <u>decreasing returns to scale</u>. **(3 marks)**

6) Given the following information: (in Million)

NNP$_{MP}$ = 3200 $

NFIA (Net Factor Income From Abroad) = 200Frw

Consumption of fixed capital= 1000 $

Indirect taxes = 500 $

Subsidies = 300$

a) Calculate gross domestic product at factor cost. (GDP$_{FC}$) **(3 marks)**

b) The following data shows the macroeconomic conditions of a hypothetical economy:

C=50+0.8Y

I=100

G=T=75

Where,

C=Consumption expenditures

I=Private Investment spending

G=Government spending, and

T=Taxes

Calculate the equilibrium level of income of the economy. **(2 marks)**

7) Explain the quantity theory of money according to Irving Fisher. **(5 marks)**

8) Explain the causes of the following:
   a) Frictional unemployment **(2 marks)**
   b) Seasonal unemployment **(2 marks)**
   c) Technological unemployment **(2 marks)**

9) Identify any four sources of government or public revenue in Rwanda. **(4 marks)**

10) a) Define the term population.__ **(2 marks)**
    c) What are the two main functions of the population in an economy? **(2 marks)**

11) List any four features of a globalized world. **(4 marks)**

SECTION B: ATTEMPT ANY THREE QUESTIONS (45 marks)

12) Discuss ways in which knowledge of elasticity of demand
    is of importance to the government.   **(15 marks)**

13) One of the benefits of economic integration is trade.
    Explain other benefits that countries gain from the economic groupings
    in which they belong.   **(15 marks)**

14) Free trade contributes towards the economic growth and
    development in developing countries. Discuss.   **(15 marks)**

15) Examine the costs and benefits of economic growth.   **(15 marks)**

16) Agriculture is one of the priority sectors that both stimulate
    economic expansion and make the greatest contribution to
    poverty reduction and food security in Rwanda. Assuming that you
    are appointed the Minister of Agriculture, write down the
    strategies you would employ to improve agriculture productivity.

                                                           (15 marks)

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