

CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination / Technical and Vocational Education Examination

0525 ECONOMICS 1

JUNE 2020

ORDINARY / INTERMEDIATE LEVELS

Centre Number
Centre Name
Candidate Identification No.
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 / Intermediate Levels – 0525 Economics 1"
4. Fill the information required in the spaces above.
5. Fill 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. Each question has FOUR suggested answers: A, B, C and D. Decide on which answer is correct. 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]
8. 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.
9. 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.
10. Do all rough work in this booklet using the blank spaces in the question booklet.
11. 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. The agricultural sector in Cameroon is important because:
- A It operates in large scale all over the country
  - B It leads to the cultivation of crops
  - C It employs the greatest proportion of the working population
  - D It is the main source of government revenue

2. Which of the following is a key determinant of both the quantity demanded and supplied?
- A Price
  - B Income
  - C Population
  - D Tax

3. A good example of a public good is:
- A Air
  - B Education
  - C National defence
  - D Health

4. The main function of a commercial bank is:
- A Keep valuables
  - B Accept deposits
  - C Grant loans
  - D Provide night safe facilities

5. In Economics "Ends" refers to;
- A Economic resources
  - B Human resources
  - C Goods and Services
  - D Human wants

6. Which of the following is an example of direct government intervention in an economy?
- A Price control
  - B Open market operation
  - C Taxes
  - D Funding

7. The method of calculating National Income by summing together the earnings of all factors of production is:
- A Output method
  - B Income method
  - C Expenditure method
  - D Value added method

8. The third law of demand and supply states that:
- A At higher prices more is demanded than at lower prices
  - B At lower prices less is supplied than at higher prices
  - C At the equilibrium price quantity demanded equals quantity supplied
  - D The higher the price, the lower the quantity demanded

9. A bank observed a cash ratio of 10%. If she receives an additional deposit of 100,000FCFA, the amount of deposit created will be:
- A 1,000,000FCFA
  - B 900,000FCFA
  - C 90,000 FCFA
  - D 10,000 FCFA

10. The following items are found in the balance of payment of Country X (Figures are in million of francs CFA)

ITEM	MILLION FCFA
Visible export	20
Invisible imports	8
Visible imports	15
Invisible exports	6

Calculate the current balance.

- A 5 million FCFA
  - B - 2 million FCFA
  - C -5 million FCFA
  - D 3 million FCFA
11. Cost-Saving advantages enjoyed by firms independent of what is happening to other firms in the industry are called:
- A External economies of scale
  - B External diseconomies of scale
  - C Internal economies of scale
  - D Internal diseconomies of scale
12. If a consumer increases his quantity demanded of ice cream by 100% when his income rises by 25%, then his income elasticity of demand is:
- A 4
  - B 8
  - C 2.5
  - D .25
13. An example of a positive check that can control population growth is:
- A Late marriages
  - B Famine
  - C Abstinence
  - D Family planning
14. The Central Bank can reduce the amount of money in circulation by;
- A Decreasing bank rate
  - B Buying securities from the public
  - C Increasing bank rate
  - D Reducing special deposits
15. Payments made to people for which no corresponding services have been rendered are known as:
- A Social security payments
  - B Income payments
  - C Transfer earnings
  - D Transfer payments



16. Which of the following is a negative effect of economic growth?  
 A Deflation  
 B High birth rate  
 C Inflation  
 D Low per capita income
- 
17. Which of the following partners only allows his name to be used in the promotion of the business?  
 A Quasi partner  
 B Ordinary partner  
 C Sleeping partner  
 D Nominal partner
- 
18. The best definition of a direct tax is:  
 A Tax levied on goods and services  
 B Tax levied on incomes and wealth  
 C A compulsory payment made by individual and firms  
 D Tax levied on expenditure.
- 
19. "Cash" as used in Money and Banking refers to:  
 A Coins  
 B Bank notes  
 C Cheques  
 D Coins and Bank notes.
- 
20. Forest, minerals and rivers are all examples of:  
 A Land  
 B Labour  
 C Capital  
 D Entrepreneur
- 
21. When demand increases, the demand curve moves:  
 A To the left  
 B To the right  
 C Upwards  
 D Downwards
- 
22. Which of the following theories best explains the basis of international trade?  
 A International Specialisation  
 B Absolute advantage  
 C Comparative Cost advantage  
 D Division of labour
- 
23. The economic system in which the basic economic problems are solved through the price system is:  
 A Traditional economic system  
 B Capitalist economic system  
 C Socialist economic system  
 D Mixed economic system
- 
24. One reason for international trade is;  
 A Natural resources are everywhere  
 B For developed countries to sell their goods  
 C The ease mobility of resources between countries  
 D Resources are unequally distributed.
- 
25. A commercial bank has a total asset of 1,000,000FCFA and a cash balance of 150,000FCFA. Determine the cash ratio.  
 A 6%  
 B 10%  
 C 15%  
 D 25%
- 
26. Which of the following is a characteristic of a developing country?  
 A High dependency ratio  
 B High per capita income  
 C High life expectancy  
 D High standard of living.
- 
27. An industry without a locational factor is known as:  
 A Weight – gain industry  
 B Weight – loose industry  
 C Heavy industry  
 D Footloose industry
- 
28. The distribution of a population according to age and sex is explained using:  
 A Population Census  
 B Population Pyramid  
 C Age Pyramid  
 D Sex Pyramid
- 
29. One reason for a budget surplus is:  
 A To check inflation  
 B To check deflation  
 C To encourage growth  
 D To create employment
- 
30. A factor of production is said to be specific if:  
 A It has many uses  
 B It has only one use  
 C It is very expensive  
 D It is very heavy
- 
31. Consider the following demand and supply table
- | Price(FCFA) | QUANTITY DEMANDED (000kgs) | QUANTITY SUPPLIED (000KGS) |
|-------------|----------------------------|----------------------------|
| 200         | 2                          | 6                          |
| 160         | 3                          | 5                          |
| 120         | 4                          | 4                          |
| 80          | 5                          | 3                          |
| 40          | 6                          | 2                          |
- If the government fixes a minimum price at 160FCFA, how much will this cost the Government:  
 A 640,000FCFA  
 B 480,000FCFA  
 C 320,000FCFA  
 D 160,000FCFA

32. A specific duty as used in taxation is:
- A Imposed on the quality of the good
  - B Imposed on the value of the good
  - C Imposed as a percentage of the price of the good
  - D Imposed on the quantity of the good.

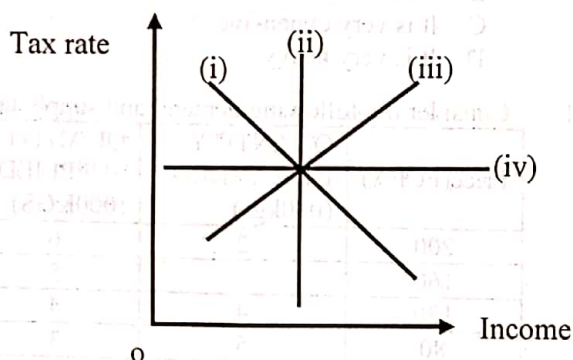
33. A common characteristic of subsistence farming is:
- A Use of hired labour
  - B Production of cash crops
  - C Practice of mono – cropping
  - D Use of rudimentary tools

34. Two goods where the quantity demanded of one increases as the price of the other falls are:
- A Complementary demand
  - B Competitive demand
  - C Derived demand
  - D Composite demand

35. The government can increase the level of economic activity by:
- A Increasing the minimum lending rate
  - B Buying bonds in the open market
  - C Increasing special deposits
  - D Increasing cash ratio

36. A reason for the survival of small firms is:
- A Availability of capital.
  - B Maturity of the product
  - C Nature of the product.
  - D The price of the product.

37. Which of the following curves represent a proportionate tax system?



- A Curve (i)
- B Curve (ii)
- C Curve (iii)
- D Curve (iv)

38. Which of the following is found in the public sector;
- A Municipal undertaking
  - B Sole proprietor
  - C Public company
  - D Partnership

39. Students scored the following marks in a test; 10, 15, 9, 8, 10, 11, 9, 10 and 6. The modal mark is:
- A 7
  - B 9
  - C 10
  - D 10.5

40. A market characterized by many buyers and sellers is known as:
- A Monopoly
  - B Oligopoly
  - C Duopoly
  - D Perfect Competition.

Consider the following costs table

Output(kg)	1	2	3	4
Total Cost(FCFA)	100	150	175	200

41. The average cost at output 2 is:
- A 150FCFA
  - B 75FCFA
  - C 50FCFA
  - D 25FCFA
42. The government can correct a balance of payment deficit using:
- A Borrowing
  - B Lending
  - C Buying gold
  - D Revaluation
43. When BATA Company merges with C.D.C Rubber plantation, it is an example of:
- A Forward vertical integration
  - B Horizontal integration
  - C Backward vertical integration
  - D Lateral integration
44. Consider the capital structure of ABC Company as follows;
- 50 ordinary shares at 100,000FCFA each
  - 25 Preference shares at 200,000FCFA each
  - 15 debentures at 500,000FCFA each
- Calculate the monetary value of the loan capital
- A 7.5 million FCFA
  - B 5 million FCFA
  - C 10 million FCFA
  - D 17.5 million FCFA
45. The following information is extracted from the National income accounts of country X
- Gross Domestic Product = 550 million FCFA
  - Gross National Product = 600 million FCFA
  - Depreciation = 100 million FCFA
- The National Income of the Country is:
- A 700 million FCFA
  - B 650 million FCFA
  - C 500 million FCFA
  - D 450 million FCFA



46. Consider the following costs items of a firm,  
Cost of labour = 4 million FCFA  
Cost of land = 2 million FCFA  
Cost of machine = 8 million FCFA  
Cost of raw materials = 10 million FCFA  
Calculate the variable cost of the firm  
A 16 million FCFA  
B 14 million FCFA  
C 12 million FCFA  
D 10 million FCFA
- 
47. One determinant of elasticity of supply is:  
A Availability of substitutes  
B Proportion of income spent  
C Improvement in technology  
D Availability of stocks
- 
48. In a country the birth rate is 30 per 1000, while the death rate is 10 per 1000. The Natural Growth Rate for the country is:  
A 2%  
B 2‰  
C 20%  
D 20‰
- 
49. If the government expenditure is greater than government revenue, such a budget is described as:  
A Budget Surplus  
B Balanced budget  
C Budget deficit  
D Programme budget
- 
50. Which of the following is the main problem of trade by barter?  
A Problem of time wasting  
B Double coincidence of wants  
C Indivisibility of some goods  
D Problem of storage

**STOP**

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**GO BACK AND CHECK YOUR WORK**