

**Section A: Attempt all questions. (55marks)**

1. Choose correct answer

I. Governments sometimes intervene in the economy when the market fails  
What is the most likely reason why governments' intervention may make the situation worse? **/2 marks**

- A. Government's decisions can take a long time to have an effect.
- B. Governments consider the views of both consumers and producers.
- C. Governments have more resources to calculate costs and benefits than private cost.
- D. Government may take decisions to reduce negative externalities.

II When the price of a product is increased 10 percent, the quantity demanded decreases 2 percent. In this range of prices, demand for this product is: **/2 marks**

- A) elastic.
- B) inelastic.
- C) cross-elastic.
- D) unitary elastic

III. The origin of economics has its origin in the Greek words " Oikonomos"  
Which means : **/2 marks**

- A. The study of man in the ordinary business life
- B. How to manage resources
- C. The rules of business management
- D. The rules of household management

IV. The stock of assets held by an individuals , a firm ,an organization or a country at any given period of time is called: **/2 marks**

- A. Capital
- B. Resources
- C. Wealth
- D. Economic goods

V. A statement like, prices for agricultural products fluctuates frequently is called? **/2 marks**

- A. Normative economics
- B. Exogeneous variables
- C. Positive economics

2. A) State the economic terms which mean the same as the following statements:
- i) Limitedness resources that satisfy human wants. **/ 2 marks**
  - ii) List of goods and services prepared for purchase according to their importance. **/ 2 marks**
3. A. What do you understand by an Economic good? **/ 1 mark**
- b. Give the characteristics of "economic goods" **/ 3 marks**
4. a) what does cross elasticity of demand mean **/2marks**

- b) i) Calculate the cross elasticity of demand for commodity Y in the table below: **/4marks**

Year	Price of commodity ( in frw)	Commodity demanded of commodity Y( in kg)
2021	12,000	300,000
2022	10,000	500,000

- ii) State the relationship between commodity X and Y **/ 1 marks**
5. Explain how each of the following may affect demand for commodity like fruits.
- a) The level of income and its distribution **/2marks**
  - b) Population and its distribution **/2marks**
6. a) identify the difference between joint supply and competitive supply **/4marks**
- b) Discuss the factors which can determine the quantity supplied **/4 marks**
7. a. Define equilibrium price **/ 1 mark**
- b.** If the demand and supply curve for computers is:  $D=1000-6p$ ,  $S=280+3P$  where P is the price of a computers, what is the quantity of computers brought and sold at equilibrium? **/4marks**
8. In order to meet the needs of people, every society must answer the basic economic questions. Identify those basic economic questions. **/ 5 marks**
- 9.a) By using a diagram illustrate the relationship between total utility (T.U) and marginal utility (M.U) **/5marks**
- b) Distinguish the relationship between the economic principles **/3mark**

**SECTION B: Attempt only three chosen questions. (45marks)**

10. a) Discuss the factors that can influence the quantity demanded / **10marks**

b) by using demand curve show the law of demand / **5 marks**

**11.** In the agricultural sector, prices are constantly changing during the planting seasons, prices of agricultural products are high and become low during the harvest. When the supply is high, prices are low

a) Explain the causes of this price instability in this production area / **10marks**

b) Explain how this price instability can be controlled / **5marks**

12.A) An economic system is a system of production, resources allocation, exchange and distribution of goods and services in society or a geographical area. Explain types of economic system. / **8 marks**

b. Which economic system does Rwanda operate? And role of government in that system that operates in Rwanda. / **7 marks**

13. Elasticity assists in the understanding of various economic concepts. Explain the different ways the government can apply the knowledge of elasticity in real life or real world. / **15 marks**

**14.** a) What does it mean abnormal demand curves? / **3Marks**

b) In what circumstances do we have abnormal demand curves? / **12Marks**

END