

SECTION A.(Attempt all questions)/55marks.

1. Give any three elements that differentiate the two main branches of economics/ **(3marks)**
2. a. Differentiate between “Labour intensive technique and capital intensive technique” **(2marks)**
 - b. Examine any three advantages of capital intensive techniques in production. **(3marks)**
3. a. Differentiate between visible trade and invisible trade. **(2marks)**
 - b. Give any three reasons by which countries do international trades. **(3marks)**
4. a. Differentiate between interest rate and interest. **(2marks)**
 - b. Given that the principal sum of 150,000Rwf is lent for a period of 4 years at an interest rate of 15% annually. Calculate the semi-annually compound interest earned on that principal. **(3marks)**
5. What are the policies that government may put in place to support industrial export promotion. **(3marks)**
6. a. Analyze the table below and answer questions that follow:

Output	0	3	4	5	6	7	8	9	10
Total cost	500	1500	1650	1800	2080	2680	3240	4450	5600

- (i) Calculate the Average Fixed cost (AFC) when output is 5. **(2marks)**
 - (ii) Show the Average variable cost when output is 8. **(2marks)**
 - (iii) b. Give and explain any two objectives of the firm. **(2marks)**
7. a. Distinguish between black market and closed economy, **(2marks)**
 - b. Explain how a closed economy may be opened. **(3marks)**
8. Describe briefly the four phases of business cycle in an economy. **(4marks)**

9. a. State the law of comparative advantages. **(1mark)**

b. The table below shows the production possibilities of two countries, X and Y in producing two commodities Beans and Maize

Country	Maize	Beans
X	20	15
Y	30	19

a. What country with comparative advantage in production of maize, why? **(2marks)**

b. What country with comparative advantage in production of beans, why? **(2marks)**

10.a. Differentiate between “tariff barriers and non-tariff barriers” **(2marks)**

b. Examine the effects of trade barriers on international trade. **(2marks)**

11. a. What is meant by price floor? **(1mark)**

b. What is the negative impact of price floor applied in an economy? **(3marks)**

12. a. Explain the positive effect of increased money supply in an economy **(3marks)**

b. What motives of holding liquid money in every day’s life? **(3marks)**

SECTION B.(Attempt any three question)/45 marks

13. Observe the table below and calculate marginal propensity to save and interpret the result. **(5Marks)**

	income	Savings
Week1	5,000	2,000
Week 2	10,000	4,000

b) (i) What is meant by “income inequality”? **(2marks)**

(ii) Explain any four causes of income inequalities in least developed countries? **(4Marks)**

(ii) List out any four major policies to reduce income inequalities in your country. **(4Marks).**

14. a) (i) What is money? **(1Mark)**
- (ii) Explain four functions of money in Rwanda. **(4Marks)**
- (iii) Examine any three qualities of good money. **(3Marks)**
- b) Distinguish between full employment and under employment. **(2Marks)**
- c) Propose five solutions to control unemployment in your country. **(5Marks)**

15. a. Study the table below and answer the questions that follow:

Product price	Quantity demanded(output)	Total revenue	Marginal revenue
1300	0	0	
1300	1		
1300	2	2600	
1300	3		

- i. Calculate total revenue when output is 1 and when is 3. **(2Marks)**
- ii. What will marginal revenue be for all output. **(2Marks)**
- iii. Using the above table, draw a demand curve for the firm concerned and explain what would happen if the firm charged above 1300. **(3Marks)**
- iv. In which market structure a firm could sell such product and why? **(3Marks)**
- b. What are the characteristics of a purely competitive market? **(5Marks)**
16. a) Give any three elements that differentiate banking and non-banking financial intermediaries. **(6Marks)**
- b) (i) Explain your understanding about Economic Integration. **(1Mark)**
- (ii) Examine any five conditions for the success of economic integration. **(5Marks)**
- c) What advantages of Rwanda to join the East Africa Community? **(3Marks)**

17. a. Describe briefly the components (accounts) of balance of payments.

(3Marks)

b. Study the table below showing the value of import and export in Millions US\$, and answer the questions that follow

	2014	2015
Imports		
Goods	20	18
Services	15	18
Export		
Goods	18	20
Import	17	19
Transfers		
In the country	8	10
Out of country	12	11
Capital		
Inflows	10	12
Outflows	15	16
Cash account	X	Y

a. Calculate:

(i) current account balance for 2014 and 2015.

(4Marks)

(ii) net capital flow for 2014 and 2015.

(4Marks)

b. Determine the cash account for both years (X&Y) and show balance of payment position for 2014 and 2015.

(2Marks)

c. Propose any four use surplus on balance of payment?

(2Marks)