

GENERAL CERTIFICATE OF EDUCATION (GCE) BOARD
General Certificate of Education Examination

0525 ECONOMICS 1

JUNE 2021

ORDINARY LEVEL

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 Level – 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, Centre Number and Candidate 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, where necessary, 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 after. DO NOT ATTEMPT TO LEAVE THE EXAMINATION HALL WITH IT.**



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Turn Over

1. A determinant of price elasticity of supply is:
 A Availability of substitutes
 B Proportion of income
 C Time period
 D Habit

2. Which of the following is the main aim of conglomerates?
 A To diversify production
 B To gain control of the supply of raw materials
 C To reduce the number of market outlets
 D To keep up with competitors

3. The main feature of money in the modern economy is:
 A Divisibility
 B Stability of value
 C Scarcity
 D General acceptability

4. The most important problem affecting the agricultural sector in Cameroon is:
 A Insufficient capital
 B Insufficient labour
 C Lack of government interest in agriculture
 D Presence of diseases and pests

5. Study the demand and supply schedule of cocoa below carefully and answer the question that follows.

Price (FCFA)	Quantity Demanded ('000)	Quantity Supplied ('000)
200	2	6
160	3	5
120	4	4
80	5	3
40	6	2

If the government fixed a minimum price at 160FCFA per unit, how much will this cost the government?

- A 320,000FCFA
 B 480,000FCFA
 C 160,000FCFA
 D 640,000FCFA

6. Question 6 is based on the table below which shows the population and output of a given country.

Population (in millions)	Output of food (in millions tons)
15	30
20	50
30	90
40	110

From the table above, the optimum population is:

- A 10 million people
 B 15 million people
 C 20 million people
 D 30 million people

7. The national debt is defined as;
 A Debt owed by the state to its citizens
 B Debt owed by the central government to its citizens and foreigners
 C Debt owed by the government to foreigners
 D Debts owed by the government to financial institutions

8. If the initial deposit of a commercial bank is 1,000,000FCFA and the cash ratio is 12.5%, the amount the bank will create as deposit will be:
 A 80,000FCFA
 B 12,500,000FCFA
 C 8,000,000FCFA
 D 7,000,000FCFA

9. The main aim of backward vertical integration is to:
 A Acquire more market outlets
 B Secure the supply of raw materials
 C Gain monopoly power
 D Increase retail shops

10. Unemployment caused by a fall in the general level of aggregate demand is known as:
 A Structural unemployment
 B Cyclical unemployment
 C Frictional unemployment
 D Disguised unemployment

11. Given that the value of a basket of goods was 12000FCFA in 2010 and in 2011 the same basket of goods cost 15000FCFA, the price index will be:
 A 60
 B 300
 C 15000
 D 125

12. Which of the following capital investment earns interest?
 A Ordinary shares
 B Cumulative Preference shares
 C Debentures
 D Participating Preference shares

13. The main function of money in the modern economy is:
 A Measure of value
 B Medium of exchange
 C Standard of deferred payment
 D Store of value

14. A minimum wage legislation is best defined as:
 A The minimum sum of money anyone should take home after all tax deductions
 B The minimum hourly rate permitted by law
 C The minimum number of hours worked per day
 D The lowest pay packet anyone should earn by law

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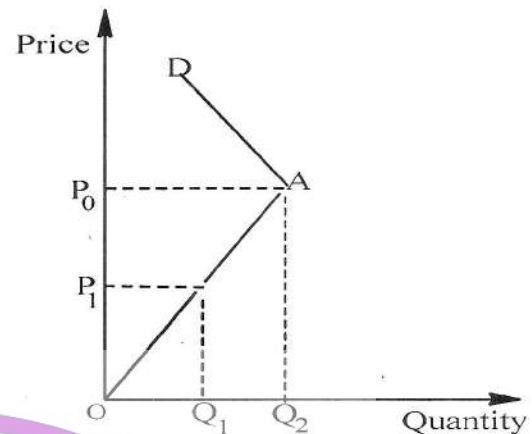
15. Use the table below to answer the question that follows:

Total Cost(FCFA)	120	190	220	235	240
Output (kg)	0	1	2	3	4

The value of the fixed cost at an output of zero is:

- A 30FCFA
B 70FCFA
C 120FCFA
D 190FCFA
16. If the government wishes to reduce inequalities in income it would apply which of the following tax systems:
A Progressive tax system
B Regressive tax system
C Proportional tax system
D Flat rate tax system
17. Street lighting, law and order, and national defence are examples of:
A Merit goods
B Public goods
C Free goods
D Demerit goods
18. Retailers in an economy perform the main function of:
A Production
B Exchange
C Distribution
D Investment
19. Crude oil is an example of which factor of production?
A Capital
B Land
C Labour
D Entrepreneur
20. A system of agriculture carried on a large scale with the use of modern techniques of production is known as:
A Peasant farming
B Plantation agriculture
C Smallholder scheme
D Subsistence agriculture
21. Full employment can best be described as a situation where:
A All those in the working population have jobs
B The level of unemployment is moderate
C The unemployment rate is between 2% and 3%
D The number of job vacancies is greater than the number of job seekers

22. This question is based on the diagram below.



Which part of this curve represents an abnormal demand?

- A OA
B DA
C AQ2
D DAO

23. Question 23 is based on the utility table below which shows the level of satisfaction for beans consumed:

Quantity (in units)	1	2	3	4	5	6
Marginal utility (utils)	18	10	6	2	0	-1

What is the total utility when 4 units of beans are consumed?

- A 2 utils
B 8 utils
C 35 utils
D 36utils

24. The economic organization that replaced GATT

- A ECCAS
B CEMAC
C ECOWAS
D WTO

25. Another name for fixed costs is:

- A Supplementary Cost
B Explicit costs
C Sunk Costs
D Prime costs



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26. Question 26 is based on the table below.

Year	2011	2012
Gross National Product (millions FCFA)	30	42
Population (000)	20	24

What is the increase in per capita income?

- A 3,000FCFA
B 1,750FCFA
C 1,500FCFA
D 250FCFA
27. Which of the following will likely cause the size of the working population of a country to reduce?
A High birthrate
B High rate of emigration
C Increase in the retirement age
D Low rate of immigration
28. A commercial bank receives an initial deposit of 20 million FCFA. Given that, it operates with a cash ratio of 5%, how much should the bank keep as reserve?
A 1 million FCFA
B 19 million FCFA
C 5million FCFA
D 4million FCFA
29. Which of the following factors can lead to an increase in industrialization in Cameroon?
A Increase in taxes on foreign investors
B Increase in the rate of interest
C Reduction in the prices of agricultural products
D Government should grant subsidies to the home industries
30. What is the full meaning of C.I.F. as used in international trade?
A Cost, Insurance and Freight
B Cost, Insurance and Flight
C Company, Insurance and Freight
D Company, Insurance and Flight

31. Question 31 is based on the table below.

No of workers	1	2	3	4	5	6	7
Total Output (units)	24	46	60	84	95	110	115

From the table above calculate the average product of the 5th worker.

- A 11units
B 5 units
C 9 units
D 19 units



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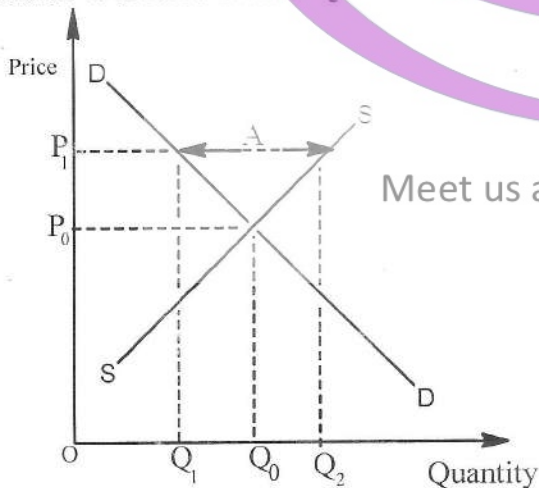
32. If an enterprise declares a profit of 5 million FCFA and pays 10% corporation tax, the tax base is:
A 5 million FCFA
B 5,000FCFA
C 50,000 FCFA
D 500,000FCFA
33. The main activity of the primary stage of production is:
A Transformation
B Distribution
C Extraction
D Construction
34. The method of calculating National Income which involves the summation of the final value of goods and services is known as:
A Output Method
B Expenditure Method
C Income Method
D Factor Method
35. Democratic control is an essential characteristic of the:
A Sole proprietor
B Public corporation
C Public Company
D Cooperative society
36. Holding of money to take care of any eventual sickness in the family is an example of the:
A Transactions motive
B Precautionary motive
C Speculative motive
D Idle balance
37. In which economic system is the consumer considered as "King"?
A Market economy
B Mixed economy
C Command economy
D Traditional Economy
38. To which customs union do Cameroon, Chad, Central African Republic, Congo, Gabon and Equatorial Guinea belong?
A CEMAC
B ECCAS
C ECOWAS
D UDEAC
39. A market where goods are traded for immediate delivery is known as:
A Future market
B Spot market
C Stock market
D Money market
40. The official head count of the population of a country is called:
A Population structure
B Population pyramid
C Population census
D Population enumeration

41. Which of the following will likely result in economic growth?
 A Increase in the quantity of goods produced
 B Increase in real per capita income
 C Improvement in technology
 D Increase in the standard of living
42. Any addition to the stock of capital is called:
 A Net investment
 B Real investment
 C Gross investment
 D National investment
43. A public limited company issued 100 preference shares at 60FCFA per share and 150 ordinary shares at 20FCFA per share. What percentage of the company's capital is contributed by the preference shareholders?
 A 33.3%
 B 40.6%
 C 56.6%
 D 66.6%
44. Economic growth is slower in developing countries because of:
 A Low savings
 B Large active population
 C Low dependency ratio
 D High rate of consumption
45. Which of the following is a limitation to division of labour?
 A Absence of fatigue
 B Monotony
 C Small market size
 D Decrease in output
47. The value of a country's visible exports is 500,000,000FCFA and that of her visible imports is 625,000,000FCFA. This indicates:
 A A favourable balance of trade
 B Favourable terms of trade
 C Unfavourable balance of payments
 D Unfavourable balance of trade
48. Which of the following is another name for a command economy?
 A Socialist economy
 B Traditional economy
 C Capitalist economy
 D Market economy
49. Which of the following is a liability to a commercial bank?
 A Bank loans to customers
 B Bank deposit of customers
 C Government bonds and securities
 D Bank loans to other banks
50. "Goods of ostentation" refer to those goods:
 A For which demand increases as prices increase
 B For which demand increases as prices fall
 C For which prices fall as demand falls
 D For very scarce goods that give satisfaction

STOP

GO BACK AND CHECK YOUR WORK

Question 46 is based on the diagram below.



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46. What does "A" represent on the above diagram?
 A Excess price increase
 B Excess demand
 C Excess price decrease
 D Excess supply