ECONOMICS

(Three hours and a quarter)

WIGERIBOURES, COM -----(The first 15 minutes of the examination are for reading the paper only. Candidates must **NOT** start writing during this time). Answer Question 1 (compulsory) from part I and **SEVEN** questions from part II. *The intended marks for questions are given in* []. **PART I QUESTION 1** [2x15=30Marks] Answer briefly each of the items (i) to (xv) in this question. (i) What do you understand by "Law of Supply"? Illustrate it with a labelled **(2)** diagram. (ii) State **TWO** differences between utility Approach and Indifference curve analysis. **(2)** Explain TWO relationships that Average Revenue shares with Marginal (iii) Revenue. **(2)** Define oligopoly. Explain **ONE** of its characteristics. **(2)** (iv) (v) "VMP is equal to MRP under perfect competition". Is this also true in case of imperfect competition? Why? **(2)** Distinguish between real flows and money flows. **(2)** (vi) Which of the national income aggregates is technically known as national (vii) income? Define it. **(2)** What is 'Double Counting'? How can it be avoided? Write **TWO** methods. (viii) **(2)** (ix) How is balance of trade different from balance of payments? **(2)** 'Exploitation' and 'Dislodging of domestic industries' are two (x) disadvantages of international trade. Explain how the trading countries are. sometimes, exploited and their domestic industries dislodged through international trade. **(2)**

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(xi)	Explain ONE positive effect and ONE negative effect of public Debt.	(2) (2) (2)
	Explain ONE positive effect and ONE negative effect of public Debt.	STA
(xii)	Mention TWO reasons for carrying out deficit financing by a nation.	(2)
(xiii)	What do you understand by the term 'MODVAT'? Mention ONE of its objectives.	(2)
(xiv)	Some of the objectives are seen to be similar in both the Seven Five Year Plan and Eight Five Year Plan of our country. Mention TWO such objectives.	(2)
(xiv)	Write any TWO achievements of the First Five Year Plan.	(2)
	PART II	
	(Answer any SEVEN questions)	
QUE	STION 2	
a)	How can our country trade with other countries using the absolute cost theory? Explain with an example.	(5)
b)	With the help of labelled diagrams, explain what would happen to the equilibrium price and quantity if:	
	(a) demand increases in larger proportion than the increase in supply, and(b) demand and supply increase by the same proportion.	(5)
QUE	STION 3	
a)	'Law of demand may not operate in many cases'. Explain FIVE such cases.	(5)

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Write **FIVE** achievements in the field of manufacture and trade during the Sixth Five Year Plan.

(5)

b)

QUESTION 4

- *** A STATE OF THE Discuss any **FIVE** causes of disequilibrium in the Balance of Payments that a) are applicable to our economy.
- b) Define and explain the law of Variable Proportions using an appropriate diagram.

(5)

(5)

QUESTION 5

- a) In what ways, do you think, Indirect taxes are better than the Direct taxes. Explain briefly FIVE reasons in support of your answer.
- b) Describe the Marginal Productivity Theory of Distribution using a diagram. **(5)**

QUESTION 6

- From the First Five Year Plan to Fifth Five Year Plan, identify **ONE** most a) important priority opted by the government from each plan and give reasons for each priority.
- **(5)**
- b) With the help of a diagram, explain the short-run equilibrium of a firm under perfect competition earning super-normal profit.

(5)

QUESTION 7

- 'GNH is a better measure than GDP in promoting the happiness of the a) people'. Do you agree? Give **FIVE** reasons and explain them. **(5)**
- b) Explain circular flow of Income and Expenditure in a Three Sector Model using a diagram. **(5)**

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QUESTION 8

- Student Bounts, com What are the differences between international and internal trade? Write a) **FIVE** differences.

b) What is a budget? Describe the budgetary policy of our country. **(5)**

QUESTION 9

'Deficit Financing is both good and bad for a country like ours'. Discuss a) THREE good and TWO bad effects.

(5)

b) What do you understand by the term 'Fiscal Policy'? Explain any FOUR methods how fiscal policy can be used to accelerate economic growth in an underdeveloped economy.

(5)

QUESTION 10

- Explain the income method of estimating national income of an economy. a) **(5)**
- From the information given below, compare the elasticity of supply from b) commodity A and commodity B. **(5)**

Commodity A		Commodity B	
Price(Nu.per unit)	Supply (units)	Price (Nu. Per unit)	Supply (units)
10	100	8	40
12	140	10	80

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