

BETHANY HIGH SCHOOL – NAALYA

S.6 ECONOMICS

Paper 1

3 hrs

INSTRUCTIONS:

answer five questions only

section A is compulsory. Answers to this section should be concise. For Section B, answer only four questions.

All Questions carry equal marks

1. (a) (i) Differentiate between transfer earnings and transfer payments.(2mks)
(ii) Give two examples of transfer payments in an economy. (2mks)
- (b) (i) What is meant by the balanced growth strategy of economic development? (1mk)
(ii) State any three factors that limit the application of the balanced growth strategy in developing countries. (3mks)
- (c) (i) Distinguish between reproductive debt and dead weight debt. (2mks)
(ii) Mention any two merits of borrowing to an economy. (2mks)
- (d) State any four features of the agricultural sector in developing countries.(4mks)
- (e) (i) Distinguish between a deficit budget and a surplus budget. (2mks)
(ii) State any two reasons why a country may prepare a deficit budget. (2mks)

SECTION B (80 MARKS)

2. (a) Describe the features of an oligopolistic market. (8mks)
(b) Examine the merits and demerits of oligopolistic markets in an economy. (12mks)
3. (a) Why may a country adopt an export promotion strategy of industrial development? (10mks)
(b) Explain the limitations of the export promotion strategy of industrial development. (10mks)
4. (a) Differentiate between mild inflation and Hyper inflation. (4mks)
(b) Explain the effects of hyper inflation in an economy. (16mks)
5. (a) Differentiate between taxation financing and debt financing. (4mks)
(b) Why may a government rely more on debt financing than taxation financing? (16mks)
6. (a) Define the term over population. (2mks)
(b) Examine the implications of high population growth rate in developing countries. (18mks)
7. (a) What is “ Public corporation”? (2mks)
(b) Assess the role of public corporations in an economy. (18mks)

End