UNIVERSITY OF CAMBRIDGE INTERNATIONAL EX
International General Certificate of Secondary Educati

ECONOMICS

Paper 2 Structured Questions

Additional Materials: Answer Booklet/Paper

0076762834

READ THESE INSTRUCTIONS FIRST

If you have been given an Answer Booklet, follow the instructions on the front cover of the Booklet.
Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for any diagrams, graphs or rough working.
Do not use staples, paper clips, highlighters, glue or correction fluid.

Section A

Answer Question 1.

Section B

Answer any **three** questions.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

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Section A

Answer this question.

1 A major change in the Indian economy

A major change in India has been the decrease in the primary manufacturing sector. Agriculture's share of India's national ou 1980 to 17% in 2010. For the first time, the primary sector is sm (manufacturing and construction). As a result, even more worker the secondary sector.

There has been a large increase in investment in new plant and machinery in the manufacturing sector and much of this has been due to multi-national firms deciding to locate in India.

In April 2008, the Indian Government passed the National Rural Employment Guarantee Act. This promised those living in the rural areas at least 100 days' work each year at a minimum wage. A local trade union leader stated that "people here are feeling a sense of security for the first time."

A major problem for India, however, is inflation. The prices of many items have been rising significantly. The price of sugar, for example, rose by 35% in 2010. The Reserve Bank of India, the country's central bank, has announced that it will need to change the rate of interest.

(a) Explain why workers might decide to move from the primary sector to the secondary sector of an economy. [4]

(b) What are the advantages of the Indian Government promising employment in rural areas? [4]

(c) Analyse how a change in India's interest rate might influence its inflation rate. [4]

(d) Discuss whether it is always a benefit to a developing economy when a multi-national firm decides to locate there. [8]

Section B

Answer any **three** questions from this sect

2 **(a)** Explain the economic problem of scarcity.

(b) Define the concept of opportunity cost.

(c) Distinguish, using examples, between the different factors of

(d) Discuss whether a country should conserve or use its natural resources. [8]

3 **(a)** Explain the functions that money performs in an economy. [6]

(b) The demand for workers with a particular skill has increased significantly in the last few years. Explain, using a demand and supply diagram, how this is likely to affect the equilibrium wage and the equilibrium quantity of such workers. [6]

(c) Discuss whether skilled workers always earn more than unskilled workers. [8]

4 **(a)** Explain why a firm might wish to change from a private limited company to a public limited company. [4]

(b) Analyse why most firms want to maximise profits. [6]

(c) Discuss whether a firm will always benefit from an increase in its size. [10]

5 **(a)** Explain why a government may sometimes decide to produce certain goods and services itself rather than leave the production of such goods and services to the private sector. [6]

(b) Define the term full employment. [4]

(c) Discuss the extent to which frictional unemployment and structural unemployment are serious problems for **(i)** an individual and **(ii)** the economy. [10]

6 **(a)** Explain why the rate of population growth varies so much between some countries. [6]

(b) Explain the main features of a country classified as being developed. [6]

(c) Discuss whether an ageing population should always be regarded as an economic problem. [8]

7 **(a)** Describe the structure of the current account of a country's balance of payments. [4]

(b) Explain the main causes of a current account deficit. [6]

(c) Discuss what would be the most effective policies to increase a country's exports. [10]

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