

GREENHILL ACADEMY
DEPARTMENT OF BUSINESS EDUCATION
ECONOMICS
S 5 HOLIDAY WORK

INSTRUCTIONS:

Attempt all questions

SECTION A (20 MARKS)

1. (a) (i) Define the term transfer payments. (01 mark)
(ii) Mention any three sources of transfer payments. (03 marks)
- (b) (i) Differentiate between nominal and real Gross Domestic Product (GDP). (02 marks)
(ii) Given that a country's GDP is Shs 400 billion, net income from abroad is Shs 40 billion and depreciation is Shs 20 billion; calculate the Net National Product (NNP). (02 marks)
- (c) (i) Distinguish between national income valued at factor cost and national income valued at market price. (04 marks)
(ii) Suggest the steps that should be taken to increase the level of national income in your country. (16 marks)
- (d) (i) What is an inflationary gap? (01 mark)
(ii) How can an inflationary gap in an economy be closed? (03 marks)
- (e) (i) Distinguish between consumption expenditure and investment expenditure. (02 marks)
(ii) Mention any two factors that influence consumption expenditure in an economy. (02 marks)

SECTION B (20 MARKS)

2. (a) How is national income measured in an economy? (06 marks)
(b) Why is it necessary to compute national income statistics for an economy? (14 marks)
3. (b) Assess the factors that determine the level of National income in an economy. (10 marks)
(b) Explain the problems faced when compiling national income in an economy. (10 marks)

END