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1 Lesotho National Development Corporation

Since its establishment the Lesotho National Development Corporation (LNDC) has been the Lesotho Government's main means of promoting industrial development. The LNDC is now expanding its job creation programme by promoting exports and encouraging firms to grow in size. It also encourages and supports local entrepreneurs. Two of the projects it has supported are local chicken farms and the building of a private hospital. The slogan of the LNDC is 'We build industry'.

- (a) Describe the main role of an entrepreneur. [2]
- (b) Identify from the passage **one** project in the primary sector and **one** project in the secondary sector. [2]
- (c) Explain what is meant by industrial development. [4]
- (d) Explain the policies that a government might use to encourage private businesses. [6]
- (e) Why might a government wish to create jobs? [6]

2 In the UK four large supermarket companies dominate the sale of food but there are also many small food shops.

- (a) Define a fixed cost and a variable cost, and identify one fixed cost and one variable cost that the supermarket might have. [4]
- (b) Discuss why a small food shop might survive when there are very large supermarkets. [6]

3 (a) Using examples, contrast a direct tax with an indirect tax. [4]

- (b) Discuss how a government might use taxation to affect the distribution of income. [6]

4 The rate of inflation in some developed countries has remained low for several years.

- (a) What is meant by inflation? [3]
- (b) Explain how a retail price index (index of consumer prices) is calculated. [7]

5 (a) Explain why specialisation in international trade might benefit a country. [6]

- (b) Some countries use protective measures in international trade. Describe **two** types of protection a government can use in international trade. [4]