

QUESTION ONE

- a. Define economics (2Mks)
- b. Distinguish between micro economics and macroeconomics (4Mks)
- c. State the law of supply and demand (4 Mks)
- d. State the salient features of perfect competition type of market structure (4 Mks)
- e. What is meant by mobility of factors of production(2 Mks)
- f. Differentiate between a movement and a shift in the demand curve (4Mks)
- g. What is meant by elasticity of demand and supply (2Mks)
- h. State the law of diminishing marginal utility (2 Mks)
- i. What is meant by the term economies of scale (2Mks)
- j. Name and explain two types of market structures (2Mks)
- k. Differentiate between fixed cost and variable costs (2Mks)

QUESTION TWO

- a. State and explain the limitations of the cardinal theory (6Mks)
- b. State the importance of elasticity of demand (6 Mks)
- c. State and explain the factors of production (8 Mks)

QUESTION THREE

- a. State and explain five determinants of demand (10 Mks)
- b. State and explain the sources of monopoly power (10 Mks)

QUESTION FOUR

With an illustration of a well labelled diagram explain the movement and shift in the demand and supply curves

(20Mks)

QUESTION FIVE

- a. State and explain the salient features of a perfect competition kind of market structure (8 mks)
- b. State the barriers to occupational mobility factors of production (8 Mks)
- c. The demand function of a certain firm is given as follows:

$$Q + 10 P = 20$$

Determine

- I. Average Revenue function (2 Mks)
- II. Total Revenue function (2 Mks)

