

Strand One: Introduction to Economics

1. Define

a. Production Possibility Curve _____

2. State the 5 Assumptions of a PPC

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

3. List the Concepts Illustrated by the PPC

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____

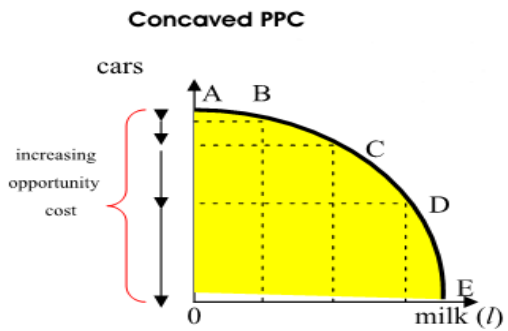
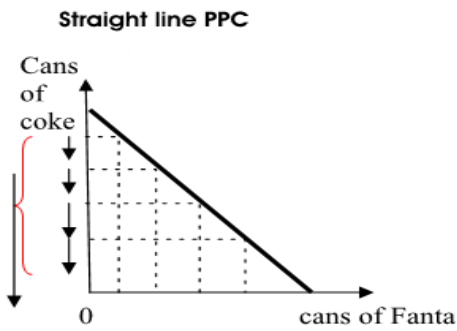
4. Define

a. Production Efficiency _____

b. Allocative Efficiency _____

c. Marginal Rate of Transformation _____

5. Use the graph to answer the question.

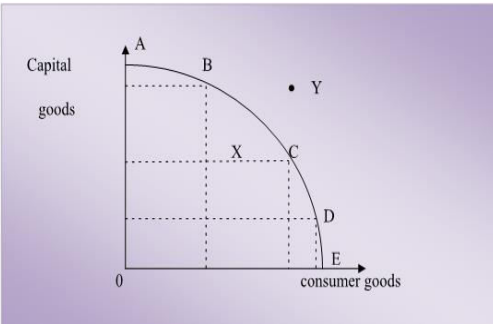


a. State the reasons for the shapes above

i. Straight Line _____

ii. Concaved _____

6.

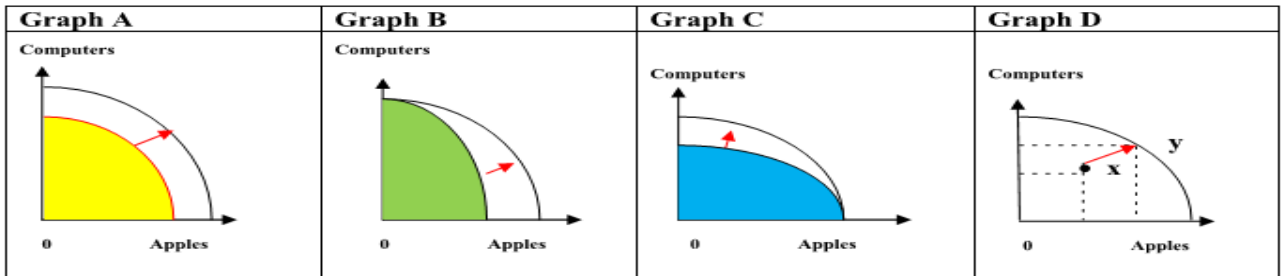


Explain what the Points of the PPC show
Points A-E _____

Point X _____

Point Y- _____

7.



What each graph shows

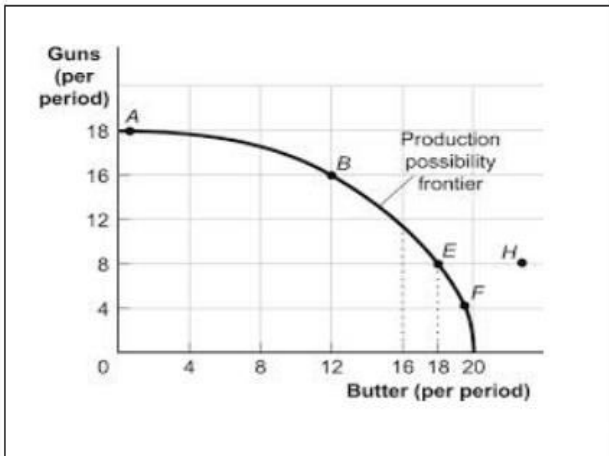
a. Graph A- _____

b. Graph B _____

c. Graph C- _____

d. Graph D- _____

8. Use the diagram below to answer question(i) and (ii)

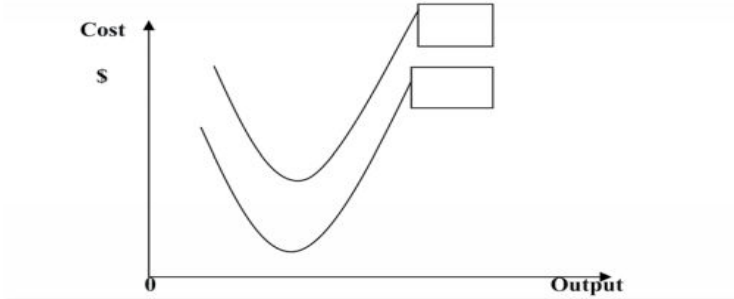


(i) Calculate the opportunity cost if the economy moved from Point E to B on the graph.

(ii) Calculate the MRT if the economy increased its butter production from 0 units to 12 units.

Strand Two: Microeconomics

1. Label the curves given below.



2. Use the information given below and your knowledge to answer the questions (i) and (ii).

The schedule given below shows the cost value for a firms output.

Output	Average Variable Cost	Total Cost	Average Cost	Marginal Cost
1	2	(a)	6.0	-
2	3.5	(b)	(e)	5.0
3	4.0	16	(f)	(h)
4	6.5	(c)	7.5	(i)
5	6.8	(d)	(g)	8.0
6	6.0	40.0	6.7	(j)

- i. Calculate the missing figures for (a)-(j).
- ii. Differentiate between fixed cost and variable cost.

3. Define the term **productivity**.

4. List 2 factors that increases productivity.

5. What is the Law of Diminishing Returns?

ii. The following table shows production data for tomatoes grown on a 1000 hectares farm

6) Complete the table given below and answer the questions that follow

Labour input	Total product	Marginal product
0	0	0
1	500	500
2	2400	1900
3	5100	-----
4	8000	-----
5	-----	3000
6	12000	-----
7	-----	800
8	13300	-----
9	13300	-----
10	13000	-----

i. Which factor is fixed? Which is variable?

ii. What is the marginal product of 3rd worker?

iii. What is total product of 7th worker?

vi. Complete the Statement:
'the law of diminishing returns sets in with the employment of the _____ worker.

7. Definitions

a. **Economies of Scale** _____

b. **Internal Economies** _____

c. **External Economies** _____

d. **Diseconomies of scale** _____

8. Show graphical illustration of Economies and Diseconomies of Scale

