



## DEPARTMENT OF ECONOMICS

### S.5 REVISION QUESTIONS

#### SECTION A

1. a) (i) Distinguish between **wants** and **needs**. (2 marks)  
(ii) Outline two features of human wants. (2 marks)
- b) (i) Differentiate between **scarcity** and **choice**. (2 marks)  
(ii) How are the fundamental economic problems related? (2 marks)
- c) (i) What is meant by the term **opportunity cost**? (1 mark)  
(ii) Give three uses of opportunity cost to a producer. (3 marks)
- d) (i) What is meant by an **opportunity cost curve**? (2 marks)  
(ii) Give two factors that cause a change of the opportunity cost curve. (2 marks)
- e) (i) Define the term **wealth**. (1 mark)  
(ii) State three features of wealth. (3 marks)
- f) (i) Distinguish between an **economic good** and a **free good**. (2 marks)  
(ii) Outline two examples of free goods. (2 marks)
- g) Differentiate between the following;  
(i) **Public goods** and **merit goods**. (2 marks)  
(ii) **Capital goods** and **consumer goods**. (2 marks)
- h) (i) What is meant by an **economic system**? (1 mark)  
(ii) State three functions of an economic system. (3 marks)
- i) (i) What is a **mixed economic system**. (1 mark)  
(ii) Give three benefits of a mixed economic system. (3 marks)
- j) (i) Define the term **price**. (1 mark)  
(ii) Outline three functions of price in the market. (3 marks)

## SECTION B

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|---|-----|--|------------|
| 2 | (a) | Distinguish between a <b>market economy</b> and a <b>command economy</b> . | (4 marks)  |
|   | (b) | What are the characteristics of a command economy.                         | (6 marks)  |
|   | (c) | Explain the benefits and costs of a market economy.                        | (10 marks) |
|   |     |  |            |
| 3 | (a) | Differentiate between <b>equilibrium price</b> and <b>market price</b> .   | (4 marks)  |
|   | (b) | Explain the determinants of market price.                                  | (16 marks) |
|   |     |  |            |
| 4 | (a) | State the <b>law of demand</b> .   | (2 marks)  |
|   | (b) | Why is the demand curve downward slopping?                                 | (6 marks)  |
|   | (c) | Explain the factors that affect quantity demanded of a commodity.          | (12 marks) |

END