

REPUBLIC OF RWANDA

KIGALI CITY

CLASS: SENIOR S.5MEG

KICUKIRO DISTRICT

ES KANOMBE/EFOTEC

DURATION: 3 HOURS

DATE: 8th APRIL, 2021

HOLIDAY EXAMINATION

1a) Under what circumstance may

i) More of a commodity be demanded at constant prices?

/5mks

ii) Less of a commodity be demanded at constant prices?

/5mks.

b) Give circumstances where the demand for a commodity may not fall despite a rise in its cost.

/4mks.

2a) Distinguish between supply and quantity supplied

/2mks

b) The price of commodity x remained constant at 800 FRW per kilogram but the quantity supplied of it in the market reduced by 30%. Give the factors that may have caused this decline in supply.

/3mks

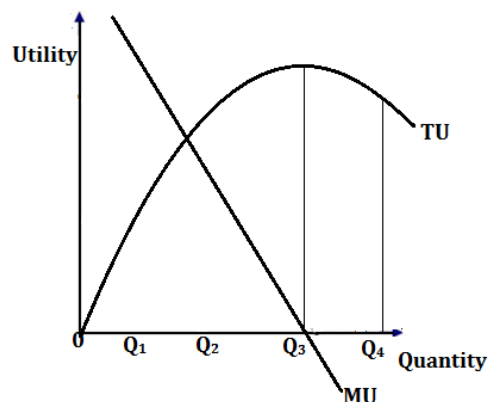
c) Describe the conditions that might lead to reduction in supply of labour even when their wages are increased.

/5mks

3a) Distinguish between substitution effect and income effect.

/2mks

b) Analyse the illustration below and answer the questions that follow:



Explain the state of TU

i) Between Q1 and Q2

/2mks

ii) At Q3

/1mk

iii) Between Q3 and Q4.

/1mk

- 4a) What is meant by price determination. /1mk
- b) Give 4 reasons why the government should intervene in price determination. /4mks
- 5a) What is meant by Buffer stock system? /2mks
- b) What are advantages of Buffer stock? /5mks
- c) Explain the factors that limit the success of buffer stock systems in LDCs. /8mks
- 6a) Distinguish between specialization and division of labor /2mks
- b) Describe the different forms of specialization. /3mks
- c) Present the arguments for and against specialization and division of labor. /10mks
- 7a) State the law of variable proportions. /1mk
- b) What assumptions make the law of variable proportions valid? /4mks.
- c) What limits the law of variable proportions?
- 8a) With an aid of an illustration, explain the law of diminishing returns. /8mks
- b) Distinguish between constant returns to scale, increasing returns to scale and decreasing returns to scale /6mks
- 9a) Distinguish between an isoquant and an isocost. /4mks
- b) Explain the properties of isoquants. /3mks.
10. Analyse the table below and answer the questions that follow. /4mks

Combinations	Units of capital (Rwf15)	Units labour (Rwf10)	Total expenditure.
A	8	0	120
B	6	3	120
C	4	6	120
D	2	9	120
E	0	12	120

Required: Illustrate the above information on an isocost curve

Using the knowledge and understanding of isocost and isoquant and with an aid of illustrations, show the cost minimization and equilibrium point of a producer in production process.

/6mks

Enjoy your holidays!!!!