

- b) Explain the shape and relationship between AC, AUC, MC and AFC curves using relevant diagrams. (5marks)
- c) Explain the significance of the concept of elasticity in practical life. (8marks)

Question Three

- a) Do you consider economics as an art or a science? Explain your answer. (3marks)
- b) Discuss the importance and use of microeconomic. (5marks)
- c) Explain the limitations of microeconomics. (4marks)
- d) Briefly explain the exceptions of the law of demand. (3marks)

Question Four

- a) Using diagrams, explain difference between a change in supply and a change in the quantity supplied. (5marks)
- b) Explain the reasons why the demand curve may shift or move along the curve. (5marks)
- c) Discuss the major determinants of elasticity of demand. (5marks)

Question Five

- a) Discuss the merits and the demerits of inductive and deductive methods. (5marks)
- b) Write short notes on:-
- i) Scarcity and choice (2marks)
 - ii) Opportunity cost (2marks)
 - iii) The production possibility frontier. (2marks)
- c) Discuss the concept and the law of demand. (4marks)

Question Six

Explain the following:-

- a) The concept of an industry. (3marks)
- b) With an illustration how price is determined under monopoly. (6marks)
- c) Explain price discrimination and if it is justified. Give the condition necessary for successful price discrimination. (6marks)