

GHS	ECONOMICS/220/1	S.6																											
	3 HOURS																												
	Answer all questions in Section A and any three in Section B																												
	SECTION A																												
1.a i)	Define the term Localization of Industries	(1mark)																											
ii)	State three problems, which may arise from localization of Industries.	(3marks)																											
b i)	Distinguish between overhead costs and Prime costs.	(2marks)																											
ii)	Justify the statement that “Average revenue(AR) is equal to Price(P)	(2marks)																											
c i)	Distinguish between the following; (i) Foot loose and Rooted industries (ii) Cartel arrangement and Holding company.	(4marks)																											
d i)	Distinguish between consumer’s surplus and Diminishing marginal utility	(2marks)																											
ii)	Explain how the two are related.	(2marks)																											
e)	Below are costs and revenue of a firm. Using the information provided, answer the questions that follow;	(4marks)																											
	<table border="1"> <thead> <tr> <th>Output (Q)</th> <th>Total Revenue (TR) Shs</th> <th>Total Costs (TC) Shs</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>-</td> <td>1100</td> </tr> <tr> <td>1</td> <td>500</td> <td>1400</td> </tr> <tr> <td>2</td> <td>1000</td> <td>1620</td> </tr> <tr> <td>3</td> <td>1500</td> <td>1750</td> </tr> <tr> <td>4</td> <td>2000</td> <td>1850</td> </tr> <tr> <td>5</td> <td>2500</td> <td>1850</td> </tr> <tr> <td>6</td> <td>3000</td> <td>1940</td> </tr> <tr> <td>7</td> <td>3500</td> <td>2190</td> </tr> </tbody> </table>	Output (Q)	Total Revenue (TR) Shs	Total Costs (TC) Shs	0	-	1100	1	500	1400	2	1000	1620	3	1500	1750	4	2000	1850	5	2500	1850	6	3000	1940	7	3500	2190	
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i)	Is the firm under perfect or imperfect competition?	(1mark)																											

ii)	What are its fixed costs?	(1mark)
iii)	What are its total variable costs for the first two units of Output?	(1mark)
iv)	What is the marginal revenue?	(1mark)
SECTION B		
2 a)	Explain the factors that influence the location of Firms.	(10marks)
b)	Examine the problems associated with integration of firms.	(10marks)
3 a)	Explain the features of perfect competition	(10marks)
b)	How are profits maximized by a firm in a perfectly competitive industry in the short run and long run?	(10marks)
4 a)	State and explain the term 'price Mechanism'.	(08marks)
b)	Justify government interference in the operation of the Price mechanism.	(12marks)

5 a)	Why do prices of Agricultural commodities fluctuate more than those of manufactured goods?	(10marks)
b)	Suggest measures that can be taken by the Government to control fluctuations of Prices of Agriculture commodities in an economy.	(!0marks)
6 a)	Distinguish between a price ceiling and Price floor.	(04marks)
b)	Assess the implications of Price control in an economy.	(04marks)
7 a)	Explain the possible reasons for a fall in quantity demanded of a commodity when its price falls.	(08marks)
b)	What factors influence the price elasticity of demand of a commodity?	(12marks)