

**SECTION A**

1. (a) What are the main features of a planned economic system? (8mks)  
(b) How can the government reduce the unacceptable features of a market economic system? (12mks)
2. (a) What do you understand by diminishing marginal utility? (10mks)  
(b) Explain the shape of a normal demand curve. (10mks)
3. (a) What are the factors that make price discrimination difficult? (10mks)  
(b) What are the advantages of price discrimination? (10mks)
4. Describe the relationships that exist between the elasticity of supply of a factor and economic rents. (20mks)

**SECTION B**

5. (a) Of what importance is the study of national income? (10mks)  
(b) What are the problems encountered in studying national income using the output method? (10mks)
6. (a) What functions does money perform in an economy? (12mks)  
(b) Giving examples distinguish between near money and money substitutes. (8mks)
7. (a) What is meant by the term discretionary fiscal policy? (10mks)  
(b) Under what conditions will the national debt be a burden to the economy? (10mks)
8. (a) Under what conditions will devaluation improve on the balance of payments deficit for a country? (10mks)  
(b) Identify and explain the advantages of import restrictions. (10mks)

**END!**