

GREENHILL ACADEMY

ECONOMICS

SENIOR 5 TERM II 2024 HOLIDAY WORK

Attempt all questions:

1. (a) Given the demand function as $Q_d = 24 - 2P$ and the supply function as $Q_s = -12 + 4P$
Calculate the:

- (i) Equilibrium price
- (ii) Equilibrium quantity

(b) (i) Define Price elasticity of supply.

(ii) Given that the supply of a commodity P has increased from 400 units to 600 units per week due to a decrease in price for commodity Z from Shs 100 to Shs 80 per unit. Calculate the elasticity of supply of commodity P.

(c) (i) Distinguish between the law of returns to scale and the law of diminishing returns.

(ii) Outline the importance of the law of diminishing returns.

(d) (i) Distinguish between Average cost and Marginal cost.

(ii) Describe the relationships between Average cost and Marginal cost.

(e) (i) Distinguish between pure profit and economic profit.

(ii) Mention any two causes of low profit levels in Uganda.

SECTION B

2. (a) Distinguish between Price inelastic demand and Price elastic demand.

(b) Explain the causes of price inelastic demand for commodities in an economy.

END