**BUSINESS STUDIES FORM 3 GATITU MIXED SEC SCHOOL**

**OPENER EXAM TERM 2 2015**

1. Define the term substitutes. 2mks
2. What are external diseconomies of scale of a firm? 3mks
3. Distinguish between monopoly and monopolistic competition. 4mks
4. What is a “kinked” demand curve? 3mks
5. Give two factors that influence supply of a product. 2mks
6. Illustrate demand schedule including equilibrium status of a market. 6mks
7. Can a perfect competitor earn abnormal profits? 4mks
8. Identify one market structure that practices product differentiation. 2mks
9. State five good reasons of product promotion. 5mks
10. What is effective demand? 3mks
11. Draw a diagram showing excess demand and excess supply. 5mks
12. Define:
13. Giffer good 2 ½ mks
14. Complimentary goods 2 ½ mks
15. Subsidy 2 ½ mks
16. Localization of firms. 2 ½ mks