# DEMAND AND SUPPLY
**BUSINESS MARKING SCHEME**

**1. 1995**

- Changes in the prices of inputs-supply
- Changes in tastes and preferences – demand
- Changes in technology – supply
- Changes in outcomes- demand
- Changes in the prices of other related goods-demand

**2. 1996**

- Demand - it states that the demand will be high when the prices are low
- Supply - It states that the supply will be high when the demands are high
- Demand and supply- It states that the demand and supply will be at equilibrium of the supply and demand curve meet.

**3. 1998**

- supply of tea fails
- Supply of petrol fails
- Supply of wool decreases.

**4. 1999**

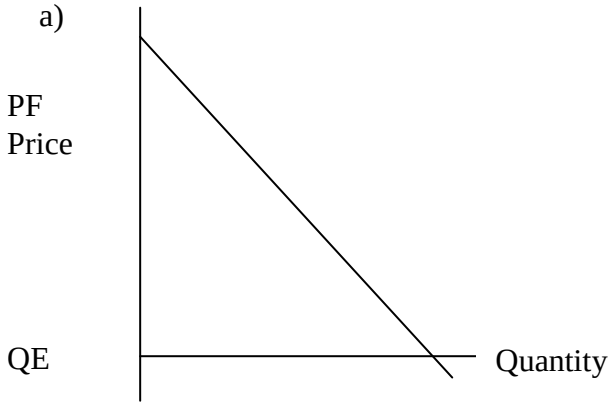
- Reduced taxation of production
- Favorable weather conditions
- Reduced costs of production
- Increased price of product.
- Increase in demand
- Increase in production
- Specialization
- Government policy
- Future expectations.

**5. 2000**

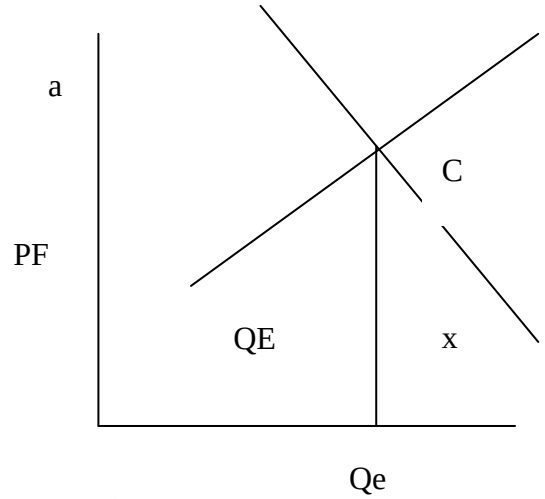
- increase in the price of the product
- Negative taste towards the product
- Decrease in the prices of complementary goods
- Increase in quantity of the product
- Depending on the season
- fall income
- Decrease in population.

**6. 2001 P1**

a)



**7. 2002 P1**




a) Demand curve
b) Supply curve
- Point C is the point of equilibrium supply (quantity) and price.
-Equilibrium price (PE) and equilibrium quantity (EQ)

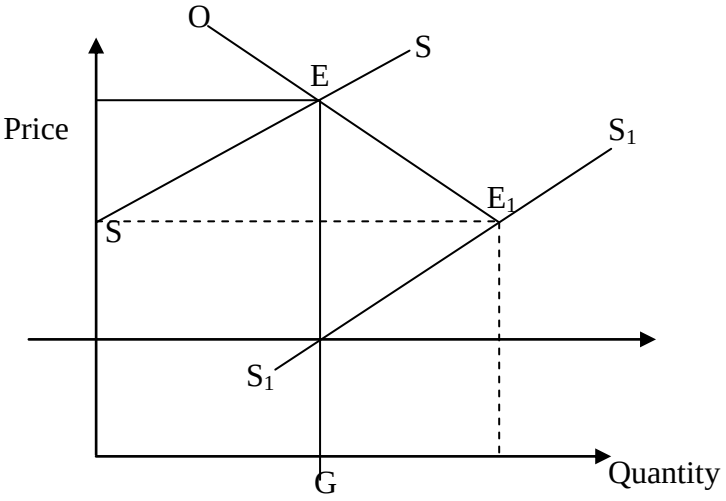
**8. 2003 P1**

- Increase in the price of the product
- Fail in the cost of production
- Availability of cheap credit
- Government policy.
- Decrease in prices
- When the demand is high
- Future expected fall in price

**9. 2003 P2**

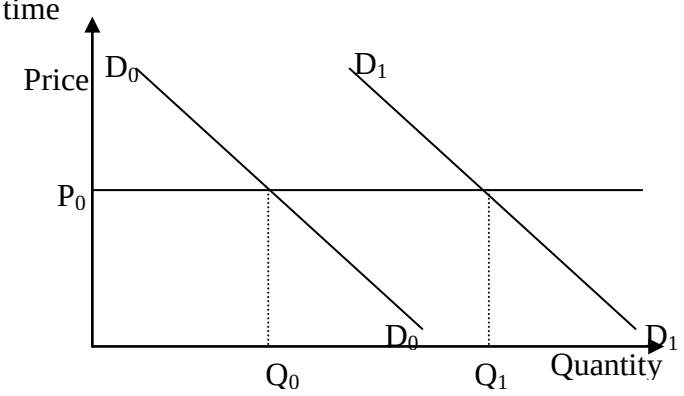
- Future expectation in the increase of price
- -Increase in price of complementary goods
- Increase in population
- -Positive taste towards the product

**12. 2006 Q7 P2**



**13. 2007 Q5 P1**

a) More cars will be demanded and this would increase the demand for petrol at the same time




b) More petrol will be demanded as show by curve $D_1D_2$

**14. 2007 3b P2**

i) **Technology**- modern methods may increase the production of cabbages/ poor methods may decrease the production of cabbage.

ii) **Price of cabbages**- The higher the price more is supplied. Supplied, the lower the price the lower is supplied.

iii) **Government policy**- favourable, unfavourable policies-favourable policies may increases the supply of cabbages/unfavourable government policies may decrease he the supply of related product decreases the supply of cabbages

iv) **Price of other/related commodities/related commodities affect the supply**-if prices of related products increases the supply of cabbages may decrease/ if prices of related product decreases the supply of cabbage may increase.

v) **Natural factors/seasonal/climatic**-favourable factors lead to increase in supply of cabbages/unfavourable natural/seasonal/climatic factors may lead to decrease in supply of cabbage.

vi) **Skills/training of farmers**-Batter skills/training leads to increase in supply of cabbage/poor/ skills/ training leads to low supply of cabbages

vii) **Cost of production**-High cost of production leads to a decrease in supply of cabbages/low costs leads to increase in supply of cabbages.

viii) **Expected future changes in price of cabbages**-Expected future increase in demand leads to increase in supply of cabbages/expected future decrease leads to decrease in supply of cabbages.

ix) **Availability of inputs for cabbage production**- if inputs are available more may be supplied/ if available less will be supplied.

x) **Decisions of cabbage producers**- in case of decision to produce more than there will be increase in supply/ in case of decision to produce less there will be a decrease/supply of cabbages

**15. 2008 Q17P1**

- Rise in price of complementaries.
- A fall in household income.
- Fall in the price of substitutes.
- Expected fall in the price of the product.
- Negative tastes/preferences/fashion.
- Decrease in population.
- Unfavorable terms of payment.
- Unfavourable government policy (for example:- a ban on commondity).

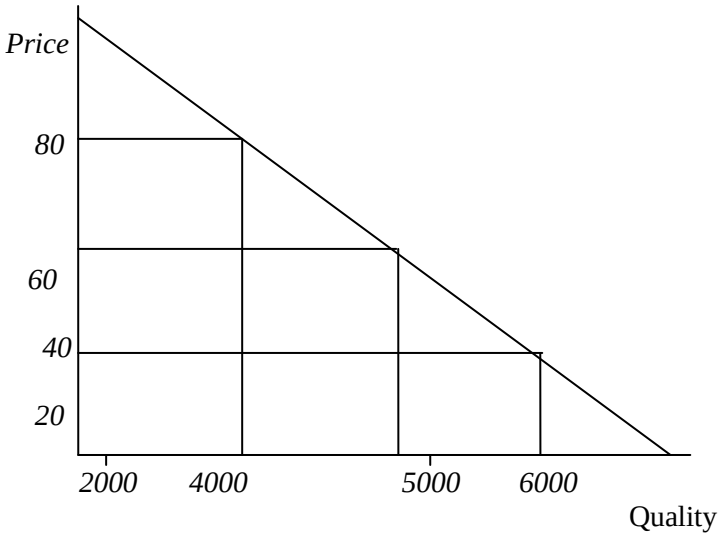
- Unfaovourable seasonal changes. ***(Any 4x1=4 marks)***

**16. 2009 Q4 P1**

(i) Derived demand

(ii) Joint demand *I* complimentary

**17. 2009 Q6a p2**




$$\frac{(5{,}000 - 2{,}000)}{2{,}000} \Big/ \frac{(40 \times 80)}{80}$$

$$= \frac{3{,}000}{2{,}000} \times \frac{80}{40}$$

$$= \frac{3{,}000}{2{,}000} \times \frac{80}{40}$$

Elasticity=3 or -3

Or

$$\frac{2000 - 5{,}000}{2{,}000} \Big/ \frac{80-40}{80}$$

Or

$$-\frac{3{,}000 \times 80}{2{,}000 \times 40} = -3$$

Or

$$-\frac{3{,}000}{2{,}000} \times 100 - \frac{80}{40} \times 100$$

Or

$$-\frac{150}{100} \Big/ \frac{50}{100}$$

**18. 2010 Q4 P1**

i) A fall in the cost of production
ii) Fall in price of produced goods
iii) Technological progress
iv) Conducive natural factors e.g. good weather season
v) Government policies e.g. reduced tax and increased subsides
vi) Future expectation of a fall in price
vii) Entry of new forms in the industry
vii) Increase in factor of production
viii) Longer time
ix) Less strikes
x) Increase in price of jointly supplied goods e.g. beef and hides

**19. 2012 Q23 P1**

Methods of determining prices other than the forces of demand and supply include:

(a) Bargaining/Haggling
(b) Abiding by government policy
(c) Tendering-offers are invited to quote for a price. Goods are sold to buyers with the quotation that best meets Zawadi's expectations
(d) Bidders make offers for goods and the bidder with the highest offer takes the goods (sale by auction)
(e) Retail price maintenance-sell goods according to the dictates of the producer.
(f) Price discrimination

Any 4×1= 4 marks

**20. 2012 Q2a P1**

(a) Each pt plotted = $14 \times \frac{1}{2}$= 7m +666258(14 ticks)
If labeled price & quantity = 1m (2 ticks)