

ECONOMICS 1 MARKING GUIDE 2026.
FORM VI
SECTION A (20 marks)

1. Robbins defined Economics as "a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses" 02 marks

Strengths of the Robbin's definition:

- (i) Focus on core Economic problem (scarcity)
 - (ii) Broader scope (includes Material and non-Material)
 - (iii) Clearer treatment of welfare
 - (iv) Universal applicability
- OR Any relevant point 02 @ = 08 marks

2. The candidate should give out the shortfalls and Strengths of Privatization

- Privatization refers to the Process by which an assets or business that is publicly owned by the government is transferred into Private ownership 01 mark

Shortfalls of Privatization

- (i) Creation of Private monopolies
 - (ii) Job Loss and Reduced welfare
 - (iii) Reduced Access for vulnerable (essential services)
- OR Any relevant point 1.5 @ = 4.5 mark

Strengths of Privatization

- (i) Improved efficiency and Productivity
 - (ii) Increased competition
 - (iii) Fiscal benefit for Government
- 1.5 @ = 4.5w

OR any relevant Point

SECTION B (40 marks)

3. (a) Given $Q = 40L + 3L^2 - \frac{L^3}{3}$

(i) $AP_L = \frac{TPL}{L}$

$$AP = \frac{40L + 3L^2 - \frac{L^3}{3}}{L}$$

$$AP = 40 + 3L - \frac{L^2}{3} \quad 0/1 \text{ mark}$$

$$MP_L = \frac{\Delta TPL}{\Delta L} \text{ or } \frac{\partial TP}{\partial L}$$

$$MP_L = 40L + 3L^2 - \frac{L^3}{3} \cdot \frac{\partial TP}{\partial L}$$

$$MP_L = 40 + 6L - \frac{3L^2}{3} \quad 0/1 \text{ mark}$$

(ii) Maximum output;

$MP_L = 0$ is a point where maximum output is obtained

$$MP_L = 40 + 6L - L^2$$

$$40 + 6L - L^2 = 0$$

Solve the quadratic equation

$$L = -3 \text{ or } L = 10$$

∴ Number of Labour that Maximize profit is 10.

From the equation

$$Q = 40L + 3L^2 - \frac{L^3}{3}$$

Substitute $L = 10$. 0/1 mark
2

$$Q = 40(10) + 3(10)^2 - \frac{10^3}{3}$$

$$= 400 + 3 \times 100 - \frac{1000}{3}$$

$$= 700 - 333$$

Maximum output $Q = 367$ $0\frac{1}{2}$ mark.

(iii) MP_L

$$MP_L = 40 + 6L - L^2$$

$$= 40 + 6(10) - 10^2$$

$$= 40 + 60 - 100$$

$$MP_L = 0 \quad 0\frac{1}{2} \text{ mark}$$

$$AP_L = 40 + 3L - \frac{L^2}{3}$$

$$= 40 + 30 - \frac{100}{3}$$

$$= 70 - 33$$

$$AP_L = 37 \quad 0\frac{1}{2} \text{ mark}$$

(iv) A rational producer cannot produce in a region one because stage I represent Under utilization of Production capacity implying a firm has the ~~pot~~ potential for increasing output 01 mark

Also

A rational producer cannot produce in a region three because it is a stage of negative returns 01 mark

3 (b) Factors affecting Real wage

- (i) Level of Price of goods and services
 - (ii) Amount of Nominal wage for workers
 - (iii) Nature of the work
 - (iv) Working conditions
 - (v) Extra benefits to workers.
- OR Any relevant point

0.2@ = 10 marks.

4. a) Given $TR = 132Q - 8Q^2$
 $TC = Q^3 - 14Q^2 + 69Q + 128$

(i) TFC

From $TC = TFC + TVC$

$$Q^3 - 14Q^2 + 69Q + 128 = Q^3 - 14Q^2 + 69Q + 128$$

0.01/2 mark.

Then

$$TFC = TC - TVC$$

$$= Q^3 - 14Q^2 + 69Q + 128 - Q^3 - 14Q^2 + 69Q$$

$$TFC = 128 \quad 0.2 \text{ mark}$$

(ii) Level of output firm maximize profit.

$$MR = MC$$

$$MR = \frac{\partial TR}{\partial Q} = 132 - 16Q$$

$$MR = 132 - 16Q$$

$$MC = \frac{\partial TC}{\partial Q} = 3Q^2 - 28Q + 69$$

$$MC = 3Q^2 - 28Q + 69$$

Then $MC = MR$

0.01/2 mark.

$$3Q^2 - 28Q + 69 = 132 - 16Q$$

$$3Q^2 - 28Q + 16Q = 132 - 69$$

$$3Q^2 - 12Q - 63 = 0$$

$$3Q^2 - 12Q - 163 = 0$$

Solve the quadratic equation.

$$Q = -3 \text{ or } Q = 7.$$

The level of output firm will Maximize profit
is 07 units 02 marks

(iii) Profit

$$\text{Profit} = TR - TC.$$

$$= (132Q - 8Q^2) - (Q^3 - 14Q^2 + 69Q + 128)$$

where $Q = 7$.

$$= 132(7) - 8(7)^2 - (7^3 - 14(7)^2 + 69(7) + 128)$$

$$(924 - 392) - (343 - 686 + 483 + 128)$$

$$532 - 268$$

00/2

$$\text{Profit} = 264 \text{ 02 marks}$$

(iv) From the data above;

$P = AR = MR = D$ means Perfect Market

But if

$AR \neq MR$ means Imperfect Market

00/2 mark.

Therefore from the data from the equation's

$AR \neq MR$. Therefore the Market

is Imperfect Market 02 marks

4b) Factors that affect optimum size of the firm.

- optimum size of the firm is a point of production over the long-run when its long-run average total cost (LATC) is at its lowest level (Minimum).

Factors affects optimum size of the firm:

- (i) Technique of Production
- (ii) Availability and Price of Resources
- (iii) Efficiency of Factors of Production
- (iv) Economic situation of the country
- (v) Market demand or size

2@ = 10 marks

OR Any relevant point

5a) Given;

(i) $Q = 13 - 3P$ and $Q = 8 + 2P$.

Therefore

$Q = 13 - 3P$ is demand function because price and quantity are inverse related. $0\frac{1}{2}$ marks.

$Q = 8 + 2P$ is the supply function because price and quantity are positively related. $0\frac{1}{2}$ marks.

(ii) The equilibrium price and quantity

$$DD = SS$$

$$13 - 3P = 8 + 2P$$

$$13 - 8 = 2P + 3P$$

$$\frac{5}{5} = \frac{5P}{5}$$

$$P = 1 \quad 0\frac{1}{2} \text{ marks.}$$

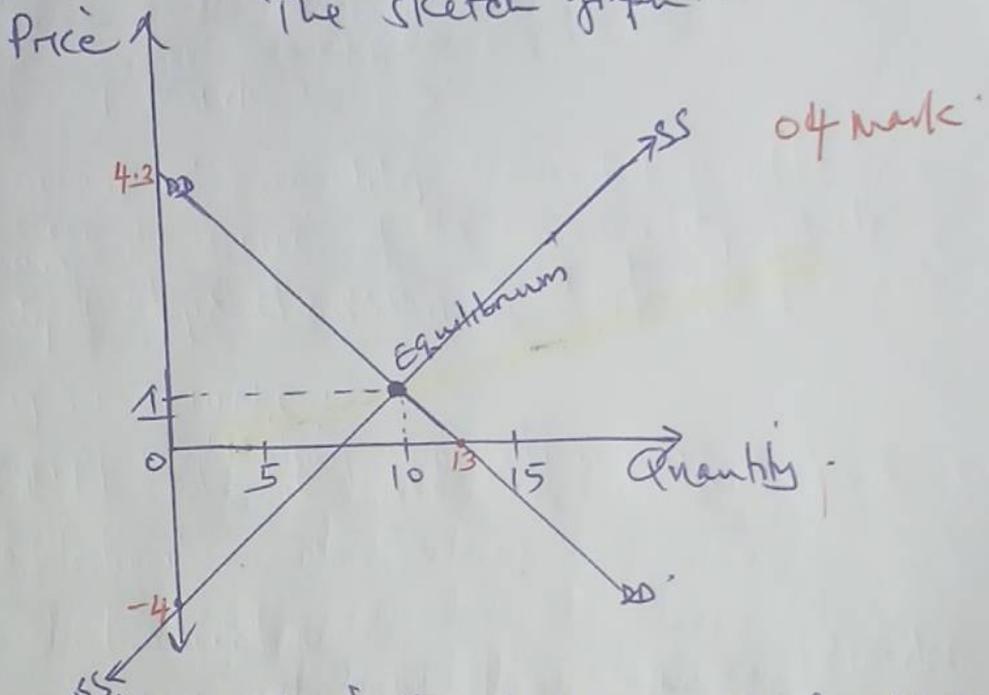
5(ii)

Then from DD equation

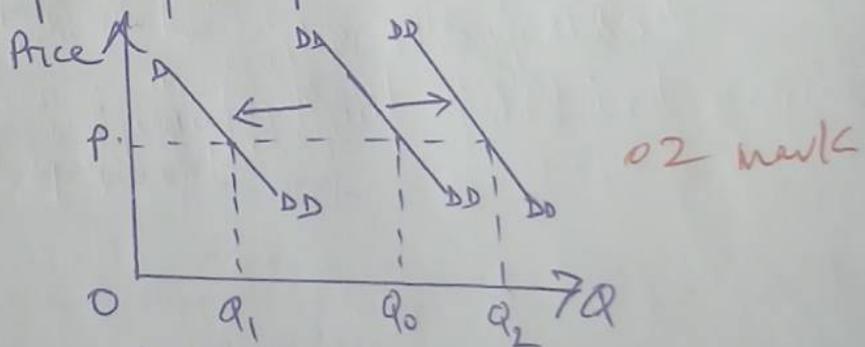
$$Q = 13 - 3P$$
$$= 13 - 3(1)$$
$$= 13 - 3$$

$Q = 10$ units 0 1/2 marks

(iii) To Present the Result in (ii) above graphically. The sketch graph.



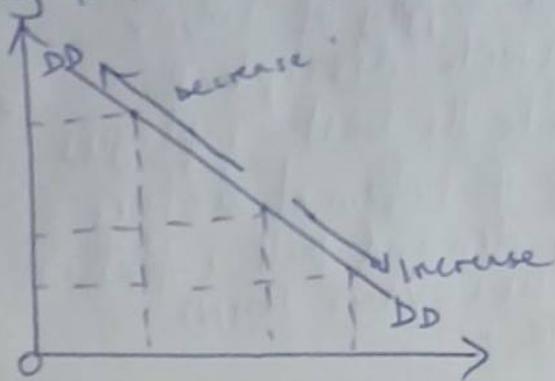
5 (a) Change in Demand is the Increase or decrease in demand caused by the determinants of demand apart from price. The Price remain constant. 02 marks



Note; Leftward shift of the curve is referred to as decrease in demand and Rightward shift is referred to as increase in demand. 01 mark

WHILE

5(b) change in quantity demanded is the increase or decrease in quantity demanded due to change in price. It is a movement along the demand curve. 02 mark.



02 mark

Note; decrease in quantity demanded results from a rise in price of the commodity while other factors remain constant. 01 mark

SECTION C (40 Marks)

6. The candidate should give the meaning and cause of the Inflation.

Introduction

- Meaning of Inflation 01 mark.

Mainbody:

- Causes of Inflation

(i) Increase in Aggregate Demand

(ii) Increase in cost of Production

(iii) Increase in Money Supply. 03@ = 18m

(iv) General shortage of goods and services

OR Any relevant Point

Conclusion

- 01 mark.

7. Introduction.
- Meaning of unemployment 01 mark

Mainbody:

Benefits of Unemployment in the Country

- (i) Increase in the supply of Labour
- (ii) Increase in work discipline
- (iii) Firms can pick the best employees
- (iv) Development of informal sectors
- (v) A remedy for demand pull inflation
- (vi) OR ANY RELEVANT POINT

03@ = 18 marks

Conclusion 01 mark

8. Introduction
- Meaning of population census 01 mark

Mainbody.

Challenges of conducting population census.

- (i) High costs and time cost
- (ii) Lack of accurate data
- (iii) Logistical and geographical difficulties
- (iv) Technological limitations
- (v) Political and social difficulties
- (vi)

03@ = 18 marks

Conclusion 01 mark

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