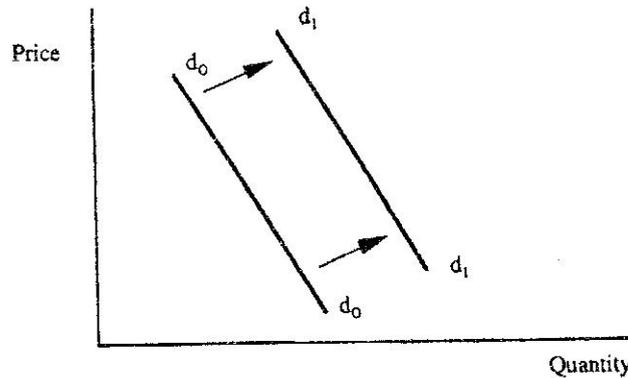


30.1 PAPER 1 (562/1)

Question 2

The diagram below shows a shift in a demand curve from d_0d_0 to d_1d_1 .



Identify **four** factors that could have made the demand curve to shift from d_0d_0 to d_1d_1 .
(4 marks)

In this question the candidates were required to use the diagram to give factors that would cause the shift in demand to the right as in the diagram.

Weaknesses

The question was poorly performed because many candidates gave factors without relating them to the diagram and were therefore irrelevant. We have always advised that candidates be trained to read and understand questions before they attempt them. They must know what is required before they begin to answer a question otherwise they risk irrelevance and poor performance.

Expected Responses

To answer this question correctly, the candidate should have noted from the simple diagram that this was a shift to the right meaning that demand has increased. He should then have asked himself what factors would have been responsible for the shift in demand. The following were the responses expected from the candidates:-

- (a) Incomes of the people could have increased.
- (b) Taste for the commodity could have changed favourably.
- (c) Total population in the country could have increased.
- (d) Substitutes could have become scarce.
- (e) Prices of substitutes could have increased.
- (f) There could have been a future expectation of increase in price/decrease in supply.
- (g) There could have been a decrease in the price of complimentary goods.