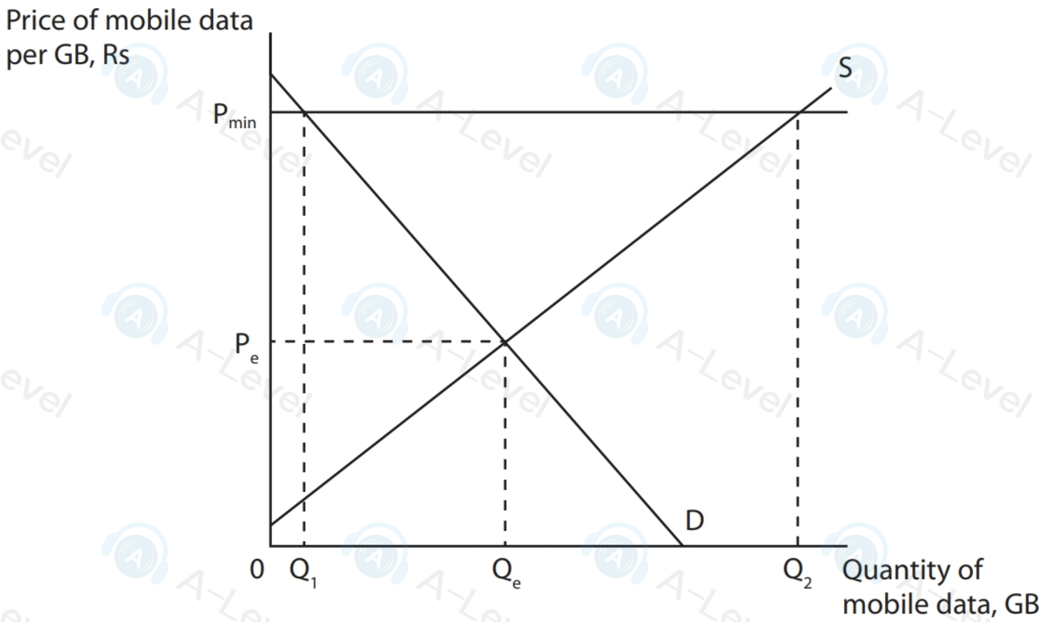
**5** In India, Vodafone has requested that the government imposes a minimum price for mobile data of Rs35 per gigabyte (GB). The current market price is Rs5. The diagram shows the possible impact of a minimum price introduced at Pmin.




Which **one** of the following can be deduced from the diagram following the imposition of the minimum price?

- ☒ **A** Excess supply is $Q_1Q_2$
- ☒ **B** Excess demand is $Q_1Q_2$
- ☒ **C** Supply contracts from $Q_e$ to $Q_2$
- ☒ **D** Demand extends from $Q_e$ to $Q_1$

**(Total for Question 5 = 1 mark)**

**4** In South Africa demand for electric blankets increased by 250% in 2022.

Which of the following combinations is the most likely impact on the market for electric blankets?

| | **Consumer surplus** | **Price** |
|---|---|---|
| ☒ **A** | Decrease | Decrease |
| ☒ **B** | Decrease | Increase |
| ☒ **C** | Increase | Increase |
| ☒ **D** | Increase | Decrease |

**(Total for Question 4 = 1 mark)**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**2** In the UK, new consumers paid an average of £130 for home insurance in 2020. Consumers who had remained with the same insurance company since 2015 paid £238 for the same annual home insurance cover. Despite this, many consumers stay loyal to their insurance company.

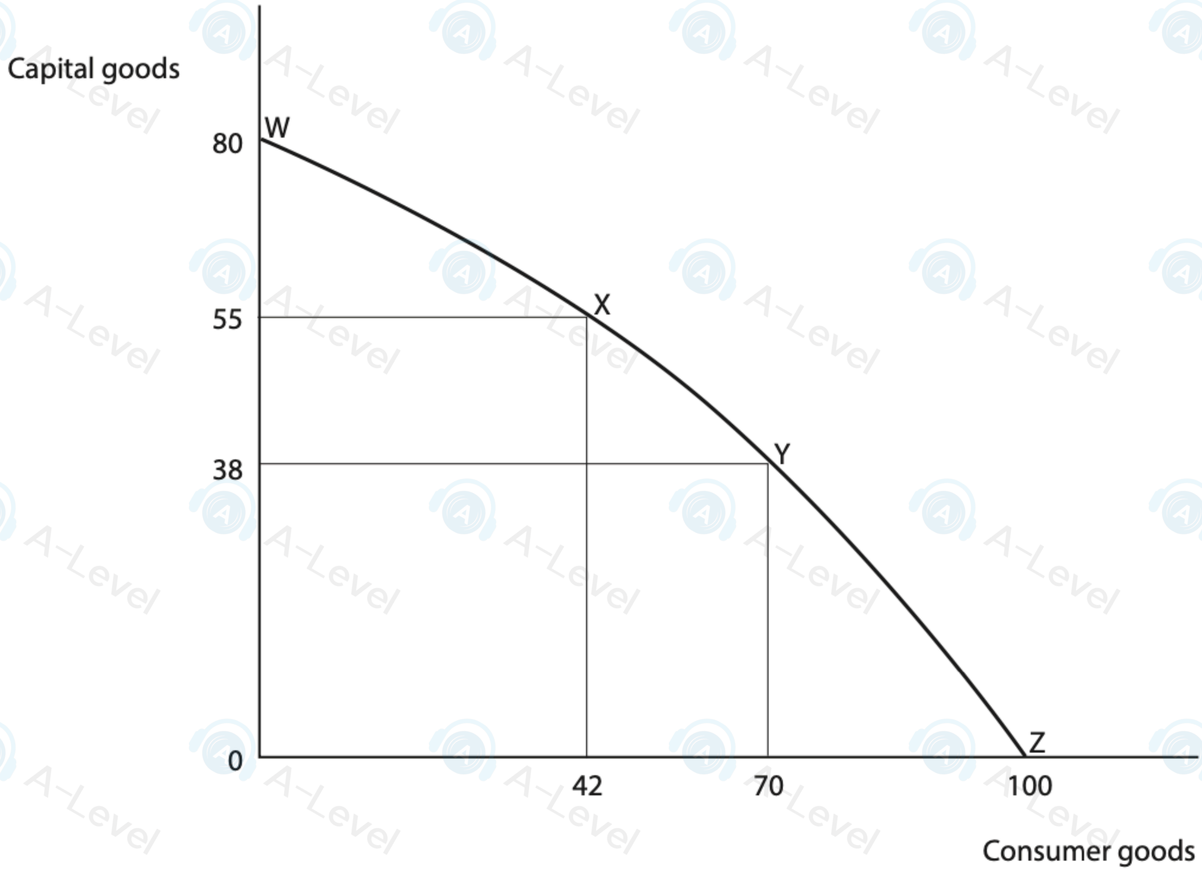
Which **one** of the following is the most likely reason why consumers stay loyal to their insurance company?

- ☒ **A** Consumers feel undervalued
- ☒ **B** Consumers have good computational skills
- ☒ **C** The free-rider problem
- ☒ **D** Habitual behaviour

**(Total for Question 2 = 1 mark)**



**4** The diagram shows the production possibilities for an economy.




Which **one** of the following can be deduced from the diagram?

- ☒ **A** The movement from W to X has an opportunity cost of 42 consumer goods
- ☒ **B** The movement from Y to Z has an opportunity cost of 30 consumer goods
- ☒ **C** The movement from X to Y has an opportunity cost of 17 capital goods
- ☒ **D** The movement from Y to X has an opportunity cost of 28 capital goods

**(Total for Question 4 = 1 mark)**

**3** In the Netherlands the cross-elasticity of demand for organic meat with respect to a change in the price of non-organic meat is +0.5.

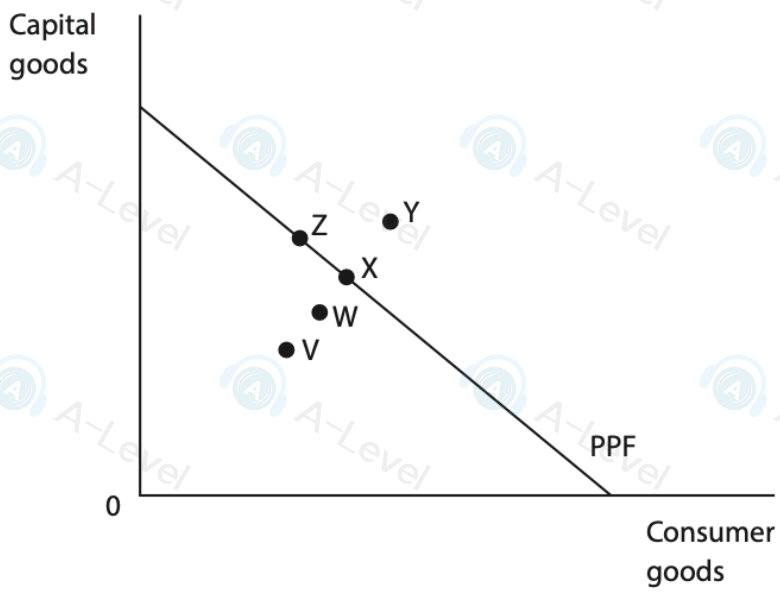
Which **one** of the following can be deduced from this information?

- ☒ **A** Organic meat and non-organic meat are substitutes
- ☒ **B** Organic meat and non-organic meat are normal goods
- ☒ **C** Organic meat and non-organic meat are unrelated goods
- ☒ **D** Organic meat and non-organic meat are complements

**(Total for Question 3 = 1 mark)**



**6** The diagram shows the production possibility frontier (PPF) for a small country.




Which **one** of the following can be deduced from the diagram?

- ☒ **A** The movement from Z to Y is obtainable using currently available resources
- ☒ **B** The movement from Z to X has an opportunity cost in terms of consumer goods
- ☒ **C** The movement from V to W results in a decrease in unemployment
- ☒ **D** The movement from X to W results in an increase in efficiency

**(Total for Question 6 = 1 mark)**



**7** In 2021 Spain produced 1.4 million tonnes of olives, accounting for 50% of world production. In 2022 a prolonged heatwave in Spain resulted in its olive production falling to 1.0 million tonnes.

Draw a diagram to illustrate the likely impact of this change on the world market for olives.

**(4)**

**10** The table shows the average price of green coffee beans and the global output of green coffee beans in February 2023 and in February 2024.

| | Price of green coffee beans per lb | Output of green coffee beans (tonnes) |
|---|---|---|
| February 2023 | $1.61 | 8 510 000 |
| February 2024 | $1.82 | 11 550 000 |

*Ceteris paribus*, calculate the price elasticity of supply for green coffee beans.

Show your workings.

**7** Saudi Arabia introduced its first indirect tax on the sale of goods and services in 2018. The tax is charged at 5% of the price of goods and services.

Draw a diagram to illustrate the impact of the introduction of the indirect tax on the equilibrium price and quantity of petrol in Saudi Arabia.

**8** The table shows the amount of greenhouse gas emissions resulting from the production of three meat products.

| Meat | Greenhouse gas emissions per kilogram (kg) of meat produced |
|---|---|
| Beef | 60 kg |
| Lamb | 24 kg |
| Poultry | 6 kg |

With reference to the table, explain what is meant by 'external costs of production'.

**11** The table shows the total utility gained by Luca as he increases the number of drinks he consumes in one day.

| Number of drinks | Total utility | Marginal utility |
|---|---|---|
| 1 | 15 | |
| 2 | 32 | |
| 3 | 52 | |
| 4 | 73 | |
| 5 | 85 | |
| 6 | 90 | |

Explain how the above table may be used to illustrate the concept of diminishing marginal utility. Use the last column in the table to show your workings.

**14** Fertiliser is used by farmers to increase the output of crops per acre of farmland. In 2021 farmers experienced a 400% increase in the cost of fertiliser. Between March 2021 and March 2022 the global food price index increased by 38%.

Evaluate the impact of the 400% increase in the cost of fertiliser on farmers and households.

Include one diagram to show the impact on farmers in your answer.

**(Total for Question 14 = 20 marks)**