

(6)

Or

(b) Explain the relationship between—

(i) leisure and consumption;

(ii) labour supply and saving decisions.

5+6=11

6. (a) (i) Explain the relationship between different short-run cost curves. 7

(ii) How do these cost concepts help a firm in making vital production decisions? 4

Or

(b) (i) Write a critical note on the production process of a profit maximising firm. 8

(ii) Explain government policies towards competition. 3

7. (a) Describe labour markets under the following situations : 5+6=11

(i) A firm uses only one variable factor of production (labour)

(ii) A firm uses two variable factors of production

(7)

Or

(b) Explain the process of resource allocation and the mix of output in competitive markets.

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