IGCSE ECONOMICS · 1.1 THE MARKET SYSTEM · CHAPTER 3 · PAPER 1

The Demand Curve

Topic question sheet L03 | **Total: 33 marks** | **Time: 35 minutes** | **Student Book pp. 18–22**

Instructions: answer **all** questions. Write your answers on lined paper. The marks for each question are shown in brackets: use them as a guide to how much to write.

Calculators may be used. Show your working. Draw diagrams in pencil and label them fully. The mark scheme starts on a new page: do not look at it until you have finished.

Section A: Multiple choice

One mark each. Choose **one** answer: A, B, C or D.

1 Which of the following statements about a demand curve is true? **(1)**

A When price falls, the quantity demanded falls
B It slopes up from left to right
C A price change causes a movement along the curve
D It shows the ability to produce

2 Which of the following would shift the demand curve for cars to the left? **(1)**

A A fall in the price of cars
B A rise in incomes
C A rise in the price of cars
D A fall in incomes

3 Effective demand is demand that is: **(1)**

A supported by the ability to pay
B equal to supply
C always rising
D created by advertising

4 Using the ferry table, how many passengers would travel at a fare of $5? **(1)**

A 200
B 400
C 600
D 800

Section B: Short answers

Define, state, calculate, draw and explain. Show your working for calculations.

5 Define the term **demand**. **(1)**

6 What is meant by an **inverse relationship** between price and quantity demanded? **(2)**

7 Using the table, calculate the change in the ferry's daily revenue if the fare is raised from $4 to $5. You are advised to show your working. **(2)**

8 Draw a demand curve for the ferry using the data in the table. **(3)**

9 Explain why the demand curve for ferry journeys slopes downwards. **(3)**

© Doshonomics. Written in the style of the exam. Not an official Pearson paper or mark scheme.

Section C: Data response

Read the extract, then answer the questions. Use evidence from the extract in every answer.

Extract: Lake Town Ferry

Lake Town Ferry carries passengers across a lake. The table shows the number of passengers it would carry each day at different fares.

The ferry company currently charges $4. A new factory opening near the lake next year will employ 2000 people, many of whom will need to cross the lake every day.

Fare ($)	2	3	4	5	6
Passengers per day	1000	800	600	400	200

Fictional case, written for this sheet.

10 With reference to the extract, analyse the likely effect of the new factory on the demand curve for ferry journeys. Use a diagram in your answer. **(6)**

11 With reference to the extract, evaluate whether the ferry company should raise its fare once the factory opens. **(12)**

© Doshonomics. Written in the style of the exam. Not an official Pearson paper or mark scheme.

IGCSE ECONOMICS · 1.1 THE MARKET SYSTEM · CHAPTER 3 · PAPER 1

Mark scheme: The Demand Curve

How to mark: Multiple choice, Define, State: 1 mark. **What is meant by** (2): two separate parts to the definition. **Calculate**: working and answer (with units). **Draw** (3): one mark per correct labelled feature. **Explain** (3): 1 for a point, 2 for developing it in context. **Analyse** (6): knowledge 2, application 2, analysis 2. **Assess** (9) and **Evaluate** (12) are marked by levels: choose the level that best fits the whole answer. Indicative content is a guide: credit other valid points.

Section A

1 *Which of the following statements about a demand curve is true? (1 mark)*

Answer: C (A price change causes a movement along the curve). Only a change in the good's own price causes a movement along the curve.

2 *Which of the following would shift the demand curve for cars to the left? (1 mark)*

Answer: D (A fall in incomes). Lower incomes reduce demand at every price.

3 *Effective demand is demand that is: (1 mark)*

Answer: A (supported by the ability to pay). Wanting a good is not enough: you must be able to pay.

4 *Using the ferry table, how many passengers would travel at a fare of $5? (1 mark)*

Answer: B (400). Read across from $5: 400 passengers.

Section B

5 *Define the term demand. (1 mark)*

The amount of a good that will be bought at given prices over a period of time (1).

6 *What is meant by an inverse relationship between price and quantity demanded? (2 marks)*

When price rises the quantity demanded falls (1); when price falls the quantity demanded rises (1).

7 *Using the table, calculate the change in the ferry's daily revenue if the fare is raised from $4 to $5. You are advised to show your working. (2 marks)*

Working: $4 × 600 = $2400; $5 × 400 = $2000 (1).

Answer: revenue falls by $400 a day (1).

8 *Draw a demand curve for the ferry using the data in the table. (3 marks)*

Diagram: axes labelled fare/price and passengers/quantity (1); points plotted correctly (1); downward-sloping line labelled D (1).

© Doshonomics. Written in the style of the exam. Not an official Pearson paper or mark scheme.

9 *Explain why the demand curve for ferry journeys slopes downwards. (3 marks)*

Point: inverse relationship between price and quantity demanded (1).

Development: at higher fares fewer people are willing/able to pay (1), e.g. at $6 only 200 passengers compared with 1000 at $2 (1).

Section C

10 *With reference to the extract, analyse the likely effect of the new factory on the demand curve for ferry journeys. Use a diagram in your answer. (6 marks · K2 · Ap2 · An2)*

Knowledge (2): a change in a non-price factor shifts the demand curve; diagram showing D1 to D2 to the right.

Application (2): 2000 new workers near the lake who need to cross every day.

Analysis (2): more passengers at every fare, so at $4 the ferry carries more than 600; the curve shifts right, not a movement along it.

Knowledge 2 · Application 2 · Analysis 2.

11 *With reference to the extract, evaluate whether the ferry company should raise its fare once the factory opens. (12 marks · levels)*

For: demand will shift right, so a higher fare may still attract many passengers; revenue may rise; workers may have no alternative way to cross.

Against: on the current schedule a rise from $4 to $5 reduces revenue by $400; workers may switch to buses/cars; bad publicity.

Judgement: depends on how far demand shifts and on alternatives; a small rise after the factory opens may raise revenue, but the firm should test demand first.

Levels: L1 1–3 · L2 4–6 · L3 7–9 · L4 10–12 (balanced, well-developed arguments using the data throughout, and a justified conclusion that answers the question).

Original practice questions written in the style of the Pearson Edexcel International GCSE Economics (4EC1) papers. This is not an official paper. Unless a source is given, the firms, countries and figures are fictional and made up for practice.

© Doshonomics. Written in the style of the exam. Not an official Pearson paper or mark scheme.