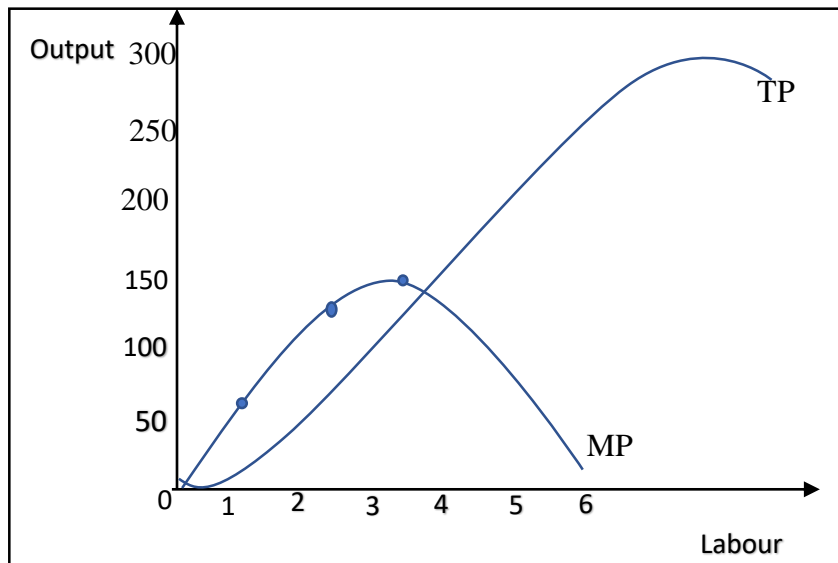


Strand 2 – Microeconomics

Study the graph below and answer questions (i) to (iv).



(i) What is the total output when the 4th labourer is employed?

(1 mark)

(ii) What is the marginal output of the 5th labourer?

(1 mark)

(iii) When does diminishing return set in?

(1 mark)

(iv) Explain the term **diminishing returns**.

(2 marks)

(v) On your graph identify where the following occurs:

(3 marks)

- a. increasing returns
- b. constant returns
- c. diminishing returns