**ALUPE UNIVERSITY COLLEGE**

...*Bastion of Knowledge*....

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**OFFICE OF THE DEPUTY PRINCIPAL**

**ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS**

# UNIVERSITY EXAMINATIONS

# 2018 /2019 ACADEMIC YEAR

## FIRST YEAR FIRST SEMESTER REGULAR EXAMINATION

# FOR THE DEGREE OF BACHELOR OF ARTS IN ECONOMICS

**COURSE CODE: STA 110**

**COURSE TITLE: INTRODUCTION TO MICRO ECONOMICS**

**DATE:     20/12/2018                    TIME: 9.00am -12.00 pm**

## INSTRUCTION TO CANDIDATES

- **SEE INSIDE**

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## STA 110: INTRODUCTION TO MICRO ECONOMICS

**STREAM:**                                              **DURATION:3 HOURS**

### QUESTION ONE

a)     Define elasticity of supply and briefly explain any five factors that influence the

elasticity of supply.                                              (10 marks)

b)     discuss the demand and supply of a jointly produced commodity     (8 marks)

c)     Write short notes on the following fundamental concepts:

  i.     Scarcity and Choice                                              (4 marks)

  ii.     Opportunity cost                                              (3 marks)

  iii.     Production possibility frontier                                              (6 marks)

### QUESTION TWO

a) Clearly explain the distinction between supply, demand and equilibrium price.     (10 marks)

b) State and briefly explain any five main factors that may cause a fall in the supply of a good in

the market.                                              (10 marks)

### QUESTION THREE

a)  i. Give the meaning of the term ' Price Control'                                              (2 marks)

ii. Explain the circumstances under which price control is considered necessary.

(4 marks)

iii. With the aid of well-labeled diagrams, distinguish between price floors and price

ceilings.                                              (6 marks)

iv. What are the major consequences of each of the price control measures? (8 marks)

### QUESTION FOUR

(a)  (i) What is an indifference curve?                                              (2 marks)

(ii) Explain the main characteristics of indifference curves                                              (6 marks)

(b) (i)  Briefly explain two exceptions to the definition of an indifference curve.  (4 marks)

(ii)  Explain any four uses of indifference curve analysis.                                              (8 marks)

## QUESTION FIVE

a) Discuss the different approaches used in the measurement of the National Income of a country.                                                    (10 marks)

b) Explain the main problems associated with National Income measurement in developing countries?                                                    (10 marks)