PAN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF COMMERCE

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE: BUS1313|BIT108

COURSE TITLE: MICROECONOMICS

CAMPUS: ROYSAMBU- EVENING

EXAM DATE: THURSDAY; JULY 30TH, 2015

TIME: 0900HRS – 1200HRS

INSTRUCTIONS

- This exam script has **TWO (2)** sections.
- Read all questions carefully before attempting.
- Answer All questions in Section **A** and any other Three questions in Section **B.**
- Write your **student number** on the answer booklet provided.

1.

a) Differentiate between micro-economics and macro-economics and give examples.

(8mrks)

b) With the aid of a diagram explain the concept of

i. Demand **(4mrks)**

ii. Supply **(4mrks)**

iii. Giffen goods **(4mrks)**

2. The demand and supply in a certain city are represented in the following functions in (Thousand)

$$Qd = 100-2P$$
$$Qs = 5P-50$$

Where: Qd is the quantity demanded

Qs is the quantity supplied

P is the price per house

i. Required

Calculate the equilibrium price and quantity. **(12mrks)**

ii. Explain the term abnormal demand curve. **(8mrks)**

3.

a) Explain five factors that influence demand. **(10mrks)**

b) Explain five factors that influence supply. **(10mrks)**

4.

a) Outline six contributions with the example of industries in economic development. **(12mrks)**

b) Explain four effects of unemployment**.** **(8mks)**

5.

a) Explain five reasons why more developing countries have failed to get out of poverty. **(10mrks)**

b) Give five suggestions that can help developing countries out of poverty. **(10mrks)**

6.

a) Define monopoly and give example. **(4mrks)**

b) Examine eight consequences of monopoly. **(16mrks)**

7. Draw the following graphs

a) Giffen goods **(10mks)**

b) Constant goods **(10mrks)**