



PIONEER INTERNATIONAL UNIVERSITY

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UNIVERSITY EXAMINATIONS

ACADEMIC YEAR: 2021/2022

SEMESTER: JAN-APRIL 2022

UNIT CODE: ECON 1210

UNIT NAME: PRINCIPLES OF MICROECONOMICS

DATE: APRIL 2022

TIME: 2 HOURS

INSTRUCTIONS: Answer question one and any other two

IMPORTANT NOTICE !!!

The following are the possible consequences if found guilty of an Examination Offence:

- a) Expulsion from the University.
- b) Academic Leave.

QUESTION ONE

- a) Bring out the definition of economics by Lionel Robbins **(5marks)**
- b) Suppose a market equilibrium consists of three consumers, A, B and C whose individual demand functions are given below:
 - (A): $P=35-0.5Q_A$
 - (B): $P=50-0.25Q_B$
 - (C): $P=40-2.00Q_C$
 - i. Find out the market demand function for the commodity. **(5marks)**
 - ii. If the market supply function is given by $Q_s = 40+3.5P$, determine the equilibrium price and quantity. **(4marks)**
- i) Describe the assumption of Oligopoly market **(6marks)**
- c) Explain any three concepts in economics **(6marks)**
- d) Point out any three disadvantages of free market system **(3marks)**

QUESTION TWO

- a) Write short notes on the following **(8 marks)**
- i. Economics as a science
 - ii. Deductive methods
 - iii. Positive economics
 - iv. Normative economics
- b) Explain two reasons why demand curve slopes downwards **(6marks)**
- c) Differentiate between Veblen effect and giffen goods give examples **(6marks)**

QUESTION THREE

- a) Explain the assumption on which indifference curve analysis is based? **(6marks)**
- b) With a well-labeled diagram distinguish between quantity demanded of a commodity and increase in demand. **(6 marks)**
- c) With the help of diagrams explain the various price elasticities of demand **(10 marks)**

QUESTION FOUR

- a) Discuss challenges that hinder successful achievement of national development targets in developing economies. **(10 marks).**
- b) Discuss ten sources of monopoly market. **(10 marks)**