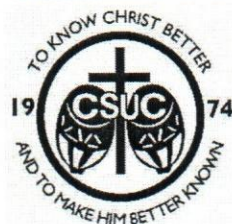


Index Number.....Signature.....

Date.....



**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI, GHANA
CSUC SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING AND FINANCE**

END OF FIRST SEMESTER EXAMINATIONS – 2018/19 ACADEMIC YEAR

**LEVEL 100 JANUARY ADMISSION
CSBF 135: PRINCIPLES OF MICROECONOMICS**

MAY, 2019

70 MARKS

TIME ALLOWED: 2 HOURS, 30 MINS.

GENERAL INSTRUCTIONS TO CANDIDATES:

- Answer **three** questions in all:
- Answer all questions in Sections A and B and choose **one** question from Section C.
- Write your index number on top of the question paper and every page of the answer booklet used.
- Do not attempt to take your examination questions out of the examination hall. Put it inside your answer booklet before you leave.
- Clarity of expression and well- labelled diagrams will be rewarded.

Examiner: Abigail Asamoah

Index Number.....Signature.....
Date.....

SECTION A (30 MARKS) Provide answers to the questions in the spaces provided.

1. Differentiate between Resources and Ends. (1 mark)

.....
.....
.....
.....
.....
.....
.....

2. Using the following information, find Marginal Utility. $Q_1 = 2$, $Q_2 = 4$, $T.U_1 = 20$, $T.U_2 = 25$. (1 mark)

.....
.....
.....
.....

3. How different is Change in Demand from Change in Quantity Demanded? (2 marks)

.....
.....
.....
.....
.....
.....
.....
.....
.....

4. What is Total Output? (1 mark)

.....
.....

Index Number.....Signature.....
Date.....

.....
.....
.....
.....

5. What is a paradox? (1 mark)

.....
.....
.....
.....

6. With the aid of a diagram, explain the effect of a decrease in the cost of production on the supply of bread. (2 marks)

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....

7. State the law of Diminishing Marginal Utility. (1 mark)

.....
.....
.....
.....
.....

8. What is the equilibrium condition when a consumer is consuming just One Commodity? (1 mark)

.....
.....
.....
.....
.....

Index Number.....Signature.....

Date.....

9. Explain why water has a lower Marginal Utility but a higher Total Utility. (2 marks)

.....

.....

.....

.....

.....

.....

.....

.....

10. When will opportunity cost be zero? (1 mark)

.....

.....

.....

.....

.....

11. In two (2) diagrams, show the effect of an increase in the price of Richoco on the demand for Bournvita. (3 marks)

.....

.....

.....

.....

.....

.....

.....

.....

12. Explain why the Supply Curve has a positive slope or slopes upwards from left to right? (2 marks)

.....

.....

.....

.....

.....

.....

Index Number.....Signature.....

Date.....

13. Define supply and explain when it will be less than Total Output. (2 marks)

14. If $A.U = 10$ and $Q = 3$, find T.U. (1 mark)

15. What will be the effect on Real Income if the price of a good increases?
(1 mark)

16. Goods A and B are produced from the same raw material source. If the price of good A increases, how will that affect the quantity supplied of it? (2 marks)

17. Differentiate Microeconomics from Economics? (2 marks)

Index Number.....Signature.....
Date.....

18. Why is Scarcity the Central Problem of Economics? (2 marks)

19. Define Utility and state its unit of measurement. (1 mark)

20. A consumer has an income or resource of \$ 20.00 and a Scale of Preference of 5 items. If the price of the first item is \$25.00, what is the Opportunity Cost and why? (1 mark)

Index Number.....Signature.....

Date.....

.....

.....

SECTION B (Data Response. Answer all for 20 marks)

Please show the formulae and workings for this section.

Quantity	Total Utility	Average Utility	Marginal Utility
1	15		
2	25		
3	32		
4	37		
5	40		

Using the data in the table above, answer the following questions:

- Find the Average Utility for all the quantity levels. (10 marks)
- Find the Marginal Utility for all the quantity levels. (8 marks)
- State the law of diminishing Marginal Utility. (2 marks)

SECTION C (Answer one question for 20 marks)

Question One

- What does it mean to say is in equilibrium when consuming just one good? State the formula (2 marks)
- Explain the first issue that informs the law of supply. (3 marks)
- With the aid of a diagram (s), explain how an increase in cost of production will affect the supply of a good.(5 marks)
- Using diamond as an example, explain the paradox of value. (5 marks)
- How different is the Individual's Supply curve from the Market's Supply curve? (3 marks)
- Define Scale of Preference. (2 marks)

Index Number.....Signature.....
Date.....

Question Two

- a. What does it mean to say the consumer is in equilibrium when he consumes more than one good? State the formula. (2 marks)
- b. With the aid of a diagram (s), explain the effect of an increase in the price of Miksi on the demand for Loya. (5 marks)
- c. Explain the 1st issue that informs the law of demand (3 marks)
- d. Using water as an example, explain the paradox of value. (5 marks)

- e. How different is Choice from Opportunity Cost? (3 marks)
- f. Why is Economics a Social Science? (2 marks)

Abigail Asamoah, May, 2019