Index Number …………………………………… Signature ………………………………

CHRISTIAN SERVICE UNIVERSITY COLLEGE KUMASI

CSUC SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

BACHELOR OF BUSINESS ADMINISTRATION
End of Second Semester Examination, 2019/2020 Academic Year
Level 100

CSBF 135: PRINCIPLES OF MICROECONOMICS

JUNE, 2020	TAKE HOME EXAMS	100 MARKS

INSTRUCTIONS TO CANDIDATES:

- **Answer TWO Questions (for 50 marks each)**
- **QUESTION ONE (1) is COMPULSORY**
- Write your answer on the **answer sheets provided**
- **Your answer for EACH QUESTION should be THREE (3) pages minimum.**
- *Please present your answer in ESSAY form as much as possible unless otherwise stated.*
- Write your index number clearly at the top of every page of the answer sheets used.

Note: Marks will be awarded for:

- Introduction
- Content
- Conclusion
- Evidence of Further Reading (Show working where necessary)
- Originality and Independence (Cheating would be penalized and integrity rewarded)
- Correct grammar, clarity of expression and logical presentation of facts.
- Answers to questions must be well referenced.
- Candidates are to pay attention to detail and clarity of presentation to earn bonus marks

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1. Ms. Nancy Oteng has the following scale of preference after the ban on social distancing has been lifted.

Items	Price (USD)
Have a wedding party	3000
Go on Honeymoon	1800
Visit a long-lost brother	200
Buy a land in Aburi	1000
Buy a mobile Phone	800
Take up driving lessons	450
Buy new clothes	550
Expand her business	2000
Send money to her parent	1500
Take up a music class	700
Take a sky gliding at Kwahu mountains	300
Buy a car	3000
Pay all her tithe arrears	500
Take a trip to Dubai to visit the Burj Khalifa	5000

a. (i) Define scale of preference (6 mark)
   (ii) Discuss four importance for having a scale of preference?   (10 marks)

b. (i) Define opportunity cost.   (6 mark)
   (ii) If Nancy has USD 6000.00 what would she spend it on?   (3 marks)
   (iii) What would be the opportunity cost? Explain your answer   (6 marks)

c. (i) Suppose she has USD 7800.00 instead of USD 6000.00, what would she purchase?   (3 marks)
   (ii) What would be the opportunity cost? Explain your answer   (6 marks)

d. Under what conditions would opportunity cost be zero?   (10 marks)

Total Marks = 50 marks

2. What are difficulties a new business will face due to the current market conditions in your country? What strategies would you recommend a new business venture to implement in order to have competitive survival?

Total Marks = 50 marks

3. Select an industry in your country. Analyze the strengths, weaknesses, opportunities and threats of the selected industry and discuss how the COVID 19 pandemic will or has affected this industry.

Total Marks = 50 marks

4. (i) The free SHS policy has led to an increase in student turnout in Ghana. Using the law of demand, explain why student intake has increased across all public second cycle schools in Ghana? What is/are the potential implication(s) for private second cycle schools?   (20 marks)

    (ii) Although a similar policy had been executed by previous governments, the current turnout rate is relatively unprecedented. What are the key features of the new educational policy compared to previous ones? With the supply of education services constant, discuss the potential consequences of the free SHS policy?

                                                                                                (30 marks)