Scott Christian UNIVERSITY
A Dynamic Centre of Academic Excellence

Bachelors of Arts in Christian Education

End of Semester Examination

Unit Code/ Name: ECO 210: Introduction to Micro-economics.

AUG – DEC 2022 - END SEMESTER EXAM - TIME: 2 HOURS

Instructions: Answer Question ONE (Compulsory) and any other TWO questions.

SECTION A: QUESTION ONE - COMPULSORY.

Being an expert in economic matters, you have been able to advice on array of economic issues. These have included among others why resources are limited and desires unlimited. This forms the bottom line of economics and all over economist tries to solve this mirage.

a. Briefly discuss the law of demand and supply in economics giving illustrations **(8 marks)**

b. In the concept of equilibrium;

i. Differentiate between equilibrium and disequilibrium **(4 marks)**

ii. Differentiate between general equilibrium and partial equilibrium **(4 marks)**

iii. With an aid of diagrams, show and explain how equilibrium shifts. **(6 marks)**

c. Among the emerging economic issues are nationalization and privatization.

i. Giving illustration, discuss nationalization and privatization. **(4 marks)**

ii. Bring out the economic impact of nationalization and privatization **(4 marks)**

SECTION B: ANSWER ANY TWO QUESTIONS.

QUESTION TWO.

Economist have tried to explain how the normal forces of demand and supply adjust to prices, a phenomenon they have termed elasticity.

a. Cleary explain three types of price elasticity of demand **(6 marks)**
b. Briefly discuss the determinants of price elasticity **(3 marks)**
c. With aid of diagrams discuss how change of income affect affects demand. **(6 marks)**

QUESTION THREE.

Economic efficiency deals with the issue of scarcity of resources.

a. Briefly discuss what economic efficiency entails. **(3 marks)**
b. Discuss with an illustration the following types of economic efficiency;
   i. Productive efficiency **(4 marks)**
   ii. Allocative efficiency **(4 marks)**
   iii. Pareto efficiency **(4 marks)**

QUESTION FOUR.

In the field of economics, externalities features quite predominantly.

a. Briefly define what externalities is. **(3 Marks)**

b. Bring out and discuss at least three types of externalities **(6 Marks)**

c. Outline the various solutions of externalities **(6 Marks)**

QUESTION FIVE.

Firms have ordinarily existed with an objective of profit maximization. The new school of thought is that there are alternatives to firm's profit maximization ideology.

a. What is profit maximization? **(3 marks)**
b. Briefly discuss at least three alternatives firms have to profit maximization **(6 marks)**
c. Behavioural economists believe that modern firms are complex organizations made up of various stakeholders. Discuss the functions of at least three major stakeholders in a firm. **(6 marks)**

QUESTION SIX.

The market players are may determinant of the prosperity of any economy. Normal market take various forms among the oligopoly and monopoly.

a. Briefly discuss giving examples who a monopoly is and what are some of their characteristics. **(6 marks)**
b. Discuss the features of an oligopolistic markets. **(5 marks)**
c. In your opinion, among the two forms mentioned above, which one is the best form of market for economic growth and why? **(4 marks)**