



UNIVERSITY OF SWAZILAND

FINAL EXAMINATION PAPER

PROGRAMME: BSc. in:

AEM, AEE, AGRONOMY, ANIMAL SC., FSNT, HE, HEE, HORT.,
LWM & TADM Year I

COURSE CODE: AEM 104

TITLE OF PAPER: Principles of Economics

TIME ALLOWED: 2:00 Hours

**INSTRUCTION: 1.ANSWER ANY 4(four) QUESTIONS
2. Each question carries 25 marks.**

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GRANTED BY THE CHIEF INVIGILATOR**

Question 1

Using examples, give short explanatory notes on how the following key terms are used in Economics:

- a) Opportunity cost
- b) Consumer equilibrium
- c) Money
- d) The entrepreneur
- e) Positive economics

(5 marks each)

Question 2

- a. Using a diagram or diagrams, illustrate how a change in the income of an individual may affect an individual's budget line and consumption in turn. (10 marks)
- b. Outline the determinants of demand. (7 marks)
- c. What is a ceiling price? Who benefits from a ceiling price and why? (8 marks)

Question 3

- a. Explain the main characteristics of perfect competition and pure monopoly. (18 marks)
- b. With the help of well labeled diagrams explain the welfare effects of a monopoly (7 marks)

Question 4

- i. what effect will a decrease in demand have on price and supply? (5 marks)
- ii. You are given the following demand and supply schedules for maize:

Price (E)	120	100	90	80	70
Quantity demanded	4	20	40	65	95
Quantity supplied	80	50	40	18	4

- a. What is the equilibrium price? (4 marks)
- b. What would be unsold surplus if price is set at 120? (8 marks)
- c. At what price will there be a shortage of 47KG of maize? (8 marks)

Question 5

- i. Given the following data:

Price of good X [US\$]	Quantity demanded for good X [Kg]
0	21
1	18
2	15
3	12
4	9
5	6
6	3
7	0

- a) Calculate the arc elasticity of demand at quantity 15 and 9 respectively. (8marks)
- b) Comment on the elasticity of this commodity. [4 marks]

- iii. What is the difference between short-run and long-run?(4 marks)
- iv. Discuss the main characteristics of money (9 marks)