



**UNIVERSITY OF SWAZILAND**

**SUPPLEMENTARY 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.**

**DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN  
GRANTED BY THE CHIEF INVIGILATOR**

**Question 1**

- a) With the help of appropriate diagrams, explain the effect that a fall in price of good x may have on the equilibrium price and quantity of good y consumed (15 marks)
- b) Discuss the five types of firm. (10 marks)

**Question 2**

- a. Using a diagram or diagrams, illustrate how a change in the price of a commodity may affect an individual's budget line and consumption in turn. (10 marks)
- b. Outline the key properties of an indifference curve. (6 marks)
- c. With the help of a diagram, illustrate the concept of a consumption path. (9 marks)

**Question 3**

- a. Explain the main functions and characteristics of money. (10 marks)
- b. With the help of well labeled diagrams explain the effects of floor and ceiling prices (15 marks)

**Question 4**

- a. With the help of a well labeled diagram, explain the concept of cost-minimization between two variable factor inputs. (13 marks)
- b. Using examples, discuss the three sectors in production. (12 marks)

**Question 5**

- a. Explain what the price elasticity of supply is and provide the main determinants of price elasticity of supply. (13 marks)
- b. Discuss the determinants of supply. (12 marks)