

**UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS**

MAIN EXAMINATION PAPER DECEMBER 2009

**TITLE OF PAPER: PRINCIPLES OF MICROECONOMICS
COURSE CODE: ECON 102
TIME ALLOWED: TWO (2) HOURS**

INSTRUCTIONS:

- 1. ANSWER QUESTION ONE (IT IS COMPULSORY)**
- 2. ANSWER ANY OTHER TWO QUESTIONS**
- 3. ANSWER THREE QUESTIONS IN ALL**

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PERMISSION**

QUESTION ONE (8 marks each; 40 marks in all)

Discuss each of the following economic terms:

- (a) Market economy
- (b) Consumer surplus
- (c) Perfectly elastic demand
- (d) Isocost line
- (e) Consumer equilibrium

QUESTION TWO (30 marks)

- (a) Discuss five of the determinants of demand (10marks)
- (b) Describe an indifference curve (5marks)
- (c) What are the three properties of an indifference curve? (15 marks)

QUESTION THREE (30 marks)

- (a) Discuss three determinants of the elasticity of supply (12 marks)
- (b) Describe internal economies of scale. Discuss three types of internal economies of scale? (18 marks)

QUESTION FOUR (30 marks)

- (a) Discuss equilibrium market price (8 marks)
- (b) Compare and contrast a stable equilibrium and an unstable equilibrium (14 marks)
- (c) Discuss profit maximization by a firm (8 marks)

QUESTION FIVE (30 marks)

- (a) Discuss five main types of market structures (10 marks)
- (b) List four assumptions of perfect competition? (8 marks)
- (c) Compare and contrast perfect competition with monopoly (12 marks)