UGANDA INSTITUTE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY
END OF SEMESTER I EXAMINATION ACADEMIC YEAR 2024/2025

DEPARTMENT	**:**	**MANAGEMENT**
YEAR OF STUDY	**:**	**ONE**
PROGRAM	**:**	**HEC-B**
COURSE	**:**	**MICRO ECONOMICS**
COURSE CODE	**:**	**HECEE 111**
DATE	**:**	**SUNDAY 15TH DECEMBER, 2024**
TIME	**:**	**9:00-12:00 HOURS**
DURATION	**:**	**3 HOURS**

INSTRUCTIONS:

i. This paper consists of **TWO** sections, **SECTION A & B**
ii. Answer **FOUR (4)** Questions in all.
iii. Section A is **COMPULSORY**, Answer any **THREE** questions from **Section B**
iv. Credit will be given for the use of relevant examples and illustrations.
v. Mobile phones are **NOT** allowed in the exam room.
vi. **DO NOT** write anything on this question paper, rough work should be done in the answer booklet and cancelled through.
vii. Start a new number on a new fresh page.

SECTION A (THIS SECTION IS COMPULSORY)

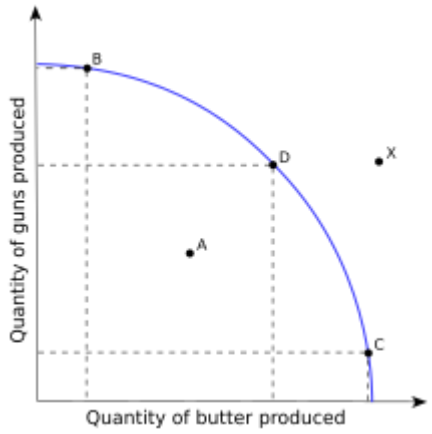
QUESTION ONE

a) What is the meaning of economics **(04 marks)**
b) Briefly explain the importance of economics **(05 marks)**
c) Explain what's meant by resource allocation in an economy **(04 marks)**
d) Highlight the major problems of resource allocation in an economy**.** **(05Marks)**
e) What do you mean by the term scarcity in economics **(03 marks)**
f) Mention any four causes of scarcity **(04 marks)**
g) Give two examples of scarcity **(02 marks)**
h) Define the term choice **(02 marks)**
i) Explain why choice may be related to price **(03 marks)**
j) Explain these two economic models as known in economics: PRODUCTION FUNCTION MODEL and SUPPLY AND DEMAND MODEL **(04 marks)**
k) Define normative economics and give any two normative statements **(04 marks)**

SECTION B (ATTEMPT ANY THREE QUESTIONS FROM THIS SECTION)

QUESTION TWO

A Figure showing a production possibilities frontier curve (PPF)



Answer the following question from the figure.

a) Define PPF in economics **(02 marks)**
b) Briefly explain the economic concepts that a PPF illustrates in terms of production efficiencies **(04 marks)**
c) Explain what points A, B and X in the graph indicates in terms of production**.** **(06 marks)**
d) Give reasons for the outward shift of the Production Possibilities Curve (PPC) **(04 marks)**
e) What do points B and point C mean along the PPC **(04 marks)**

QUESTION THREE

a) Economics is divided into two categories: microeconomics and macroeconomics. In view of this, highlight the differences between micro and macroeconomics **(10 marks)**
b) Define market equilibrium as known in microeconomics **(02 marks)**

c) Assume that the demand function for the Laptop market is Qd=7-P, and the supply function is Qs= -2+2P. Determine the price and equilibrium quantity (Q) **(04 marks)**

d) Explain the importance of market equilibrium to a supplier of radios **(04 marks)**

QUESTION FOUR

a) Define the term cardinal utility theory as known in microeconomics **(02 marks)**

b) Mention and explain any four assumptions to the cardinal utility theory **(06 marks)**

c) Explain the meaning of the following terms under cardinal utility theory (i) Total utility and (ii) Marginal utility **(04 marks)**

d) Kagurusi a 1st year student of UICT came to you as he wanted to understand the term "Indifference curve Approach (ordinal utility theory)" in microeconomics. Because he knows you studied microeconomics in your 1st year, help him to answer the following:

i. Define for him the term indifference curve **(02 marks)**

ii. Illustrate graphically to Kagurusi a sketch of an indifference curve and briefly explain to him any four properties of an indifference curve **(06 marks)**

QUESTION FIVE

Market structure refers to how different industries are classified and differentiated based on their degree and nature of competition for services and goods:

Required:

In reference to the above statement;

a) Define perfect competition and highlight features of perfect completion (give examples of perfect competition) **(10 marks)**

b) Mention any four (4) characteristics of monopolistically competitive markets in Uganda **(05 marks)**

c) What is the difference between Monopolistic Competition and Perfect Competition? **(05 marks)**

QUESTION SIX

The theory of price is an economic theory that states that the price for a specific good or service is determined by the relationship between its supply and demand at any given point.

Required:

a) Explain the law of demand and the demand curve to your sister who is going to sit for an economics paper next week at her school. **(04 marks)**

b) Explain to your sister when the law of demand is violated **(03 marks)**

c) With examples explain factors that may lead to shift the demand curve **(06 marks)**

d) Define law of supply and highlight factors that may affect law of supply **(07 marks)**

QUESTION SEVEN

a) Explain the difference between a change in supply and a change in the quantity supplied. Provide examples relevant to the Ugandan economy. **(08 marks)**

b) Using examples, describe any four determinants of change in demand for a commodity in the Ugandan context. **(12 marks)**

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