



## **STAMFORD COLLEGE**

### **SCHOOL OF BUSINESS AND MARKETING**

#### **FOUNDATION STUDIES IN BUSINESS (SEMESTER 1 )**

#### **FSBN 102 : PRINCIPLES OF ECONOMICS**

**Date** : 21 May 2007 (Monday)

**Time** : 9.30AM – 11.30AM

**Duration** : 2 Hours

#### **Instructions to Candidates**

Answer FOUR questions out of SEVEN questions.

Please ensure that this examination paper contains SEVEN questions on ONE printed pages before you start the examination.

Books, papers and other written materials are not allowed to be brought into the examination hall. A candidate who violates the examination rules of Stamford College or commits a malpractice will be disqualified from the examination.

Write your Examination Index Number on each page of your answer booklet.

This paper consists of SEVEN questions. Candidates are required to attempt any FOUR questions. The total marks allocated for each of the questions are shown in brackets.

**Question 1**

- a. Distinguish THREE types of goods found in the market. (15 marks)
- b. Graphically illustrate FIVE general factors that determine the household demand. (10 marks)
- (Total = 25 marks)

**Question 2**

- a. State any THREE characteristics of a perfect competitive market. (15 marks)
- b. Using a diagram, illustrate how consumer surplus can be achieved by a smart consumer. (10 marks)
- (Total = 25 marks)

**Question 3**

- a. Distinguish between opportunity cost and sunk cost. (15 marks)
- b. State any TWO major concerns of macroeconomics. (10 marks)
- (Total = 25 marks)

**Question 4**

Distinguish price elasticity of demand and income elasticity of demand. (25 marks)

**Question 5**

What is unemployment? Describe the main causes of unemployment. (25 marks)

**Question 6**

Explain with diagrams the various types of short run equilibrium for a monopoly market. (25 marks)

**Question 7**

- a. Use the concept of the production possibility frontier to illustrate an economy that is inefficient and an economy that is efficient. (15 marks)
- b. Distinguish between Gross Domestic Product (GDP) and Gross National Product (GNP). (10 marks)
- (Total = 25 marks)

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