



SIR ARTHUR LEWIS COMMUNITY COLLEGE
ACADEMIC YEAR (2024/2025) - SEMESTER ONE
END OF SEMESTER EXAMINATION

COURSE CODE : **ECO216**
COURSE TITLE : **INTERMEDIATE MICROECONOMICS**
LECTURER(S) : **PERSAD, DENESE**
DATE : **TUESDAY, DECEMBER 17TH, 2024**
TIME : **9:00 AM**
DURATION : **1 HOUR 30 MINUTES**
STUDENT ID # : _____

GENERAL INFORMATION AND INSTRUCTIONS

- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.
- This paper has 5 questions.
- Answer all questions on examination script.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

1. a) Explain how a consumer allocates expenditure between two goods according to the principle of equi-marginal utility. **(6 marks)**

b) How do consumers reallocate their expenditure between these two products if the price of one product decreases? **(6 marks)**

2. a) Briefly explain what is an indifference curve. **(2 marks)**.

b) List three (3) properties of indifference curves. **(3 marks)**

c) Draw and explain an indifference map. (4 marks)

3. Explain the concept of Returns to Scale. (7 marks)

[illegible]

4. Analyse whether an increase in the wage rate always leads to an increase in the number of hours worked by an individual. **(6 marks)**

5. a) Differentiate between absolute and relative poverty. **(4 marks)**

b) List 5 factors that contribute to poverty. **(5 marks)**

END OF EXAM