JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF LOGISTICS
AND SUPPLY CHAIN MANAGEMENT, AND BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
2ⁿᵈ YEAR 1ˢᵗ SEMESTER 2023/2024 ACADEMIC YEAR
MAIN & KISUMU CAMPUSES.

COURSE CODE: BEB 1205/BAB 1211
COURSE TITLE: INTERMEDIATE MICROECONOMICS
EXAM VENUE: **STREAM: BLSCM/BBA**
DATE: **EXAM SESSION:**
TIME:
Instructions
1. Attempt question ONE (COMPULSARY) and ANY other two (2) questions
2. Candidates are advised not to write on the question paper.

3. Candidates must hand in their answer booklets to the invigilator while in the examination room.

QUESTION ONE 30 MARKS

a) Examine the Axioms of the Ordinalist's in discussing consumer theory? **(5 marks)**
b) Using a clearly labelled diagram, derive the demand curve from the utility function?
   (5 marks)
c) What happens to the producer surplus when prices fall, ceteris paribus? **(5 marks)**
d) Given the information regarding a firm operating in a monopolistic industry as:
   $TC=60+0.3Q+0.5Q^2$, compute the marginal and the average costs   **(5 marks)**
e) State and explain the second "law of Economics'   **(5 marks)**
f) Distinguish between the partial and general equilibrium analyses   **(5 marks)**

QUESTION TWO (20 Marks).

a) Under what market structure would efficiency cost be absent? Explain using a clearly
   labelled diagram?   **(8 marks)**
b) Given that the demand for sugar in Kenya is; Q_d =100-0.6p and the supply is given as
   Q_s =40+0.6p, what is the:
   i) Consumers' surplus   **(6 marks)**
   ii) Producers' surplus   **(6 marks)**

QUESTION THREE 20 MARKS

a) Assume that Kenya uses capital and labor to produce maize which is a staple food, show
   what would happen to the producer's equilibrium in case of improvement in agricultural
   technology?   **(10 marks).**
b) At what point would the country be inefficient in maize production?   **(6 marks).**
c) Are the points of Pareto efficiency necessarily points of maximum optimal production?
   (4 marks).

QUESTION FOUR 20 MARKS

a) Show how a consumptive tax (VAT), on increase would affect the consumers in a
   monopolistic market structure? Illustrate using a clearly labelled diagram **(10 marks)**
b) Explain what happens when the government imposes a lump sum tax on a commodity
   supplied under perfectly competitive market structure? Use a clearly labelled diagram to
   illustrate.   **(10 marks).**

QUESTION FIVE 20 MARKS

a) Explain the concepts of stability of the general equilibrium. Use appropriate diagram to illustrate. **(8 marks).**
b) Examine the general equilibrium in production, consumption and exchange? Use appropriate diagram to illustrate. **(12 marks).**