



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
WITH IT YEAR ONE SEMESTER ONE
KENDU-BAY LEARNING CENTER

COURSE CODE: AEC 101

COURSE TITLE: INTRODUCTION TO MICROECONOMICS

EXAM VENUE: KLC

STREAM: (ABA)

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

1. Questions ONE is compulsory and must be attempted.
2. Answer any other THREE from the four questions.
3. Candidates are advised not to write on the question paper.
4. Candidates must hand in their answer booklets to the invigilator while in the examination room

QUESTION ONE

- a) Mention THREE microeconomics questions
- b) Distinguish between the following:

(3 Marks)

- i. Microeconomics and Macroeconomics? (4 Marks)
- ii. Demand and Supply (4Marks)
- iii. Firm and Industry (4 Marks)
- iv. Scarcity and efficiency (4 Marks)
- c) Mention four market structures that you know. (2 Marks)
- d) Describe the features that distinguish monopoly from perfect competition. (6 Marks)
- e) Mention the three categories of price elasticity of supply (3 Marks)

QUESTION TWO

Given below is the demand schedule for a certain product

Price (Ksh)	Quantity Demanded (Units per week)
10	500
20	400
30	300
40	200
50	100

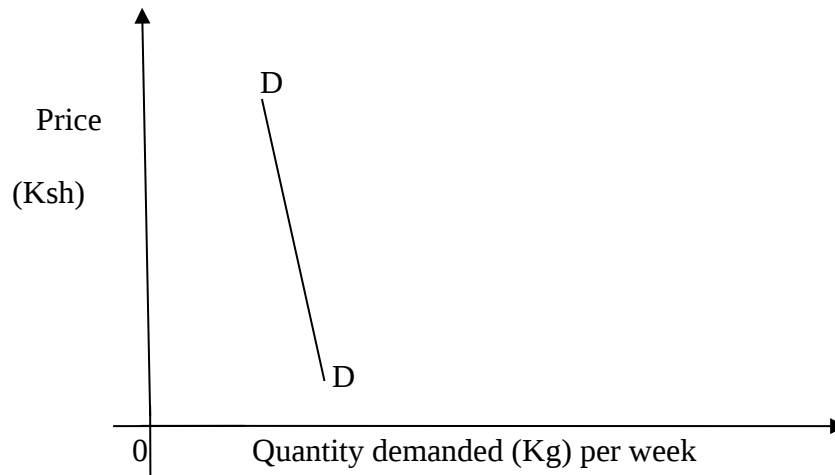
- a) Describe the steps that should be followed in constructing a demand curve from the given demand schedule. (7 Marks)
- b) Construct a demand curve from the demand schedule provided above. (3 Marks)
- c) Explain the factors that may cause a decrease in the quantity demanded of a product. (10 Marks)

QUESTION THREE

- a) Discuss in details the contribution of behavioural sciences to consumer behavior (6 Marks)
- b) Consumer’s adoption process showcases how a consumer reacts to a new product (goods, service or idea). This process shows different decision stages a consumer undergoes in his adoption of new product or idea. State and discuss in details the stages. (6 Marks)
- c) State and explain the steps in the consumer buying process. (8 Marks)

QUESTION FOUR

The diagram below represents price elasticity of demand for a certain product.



- Name the kind of price elasticity of demand represented in the diagram. **(2 Marks)**
- Explain the factors that may account for the kind of price elasticity of demand shown in the diagram above. **(8 Marks)**
- Discuss some of the approaches that are considered to be the major means of allocation of resources in many politico-economic systems, including less-developed countries and societies without democratic institutions. **(10 Marks)**

QUESTION FIVE

- Pricing objectives are the targets or ends a firm seeks to achieve through its pricing practices. Explain some of these pricing objectives. **(10 Marks)**
- Discuss different approaches used in allocating economic resources in many politico-economic systems, including less-developed countries and societies without democratic institutions. **(10 Marks)**