



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DIPLOMA OF BUSINESS**  
**ADMINISTRATION WITH IT**  
**1<sup>st</sup> YEAR 1<sup>st</sup> SEMESTER 2016/2017 ACADEMIC YEAR**  
**KISII CAMPUS-PART TIME**

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**COURSE CODE: BEN 2111**

**COURSE TITLE: INTRODUCTION TO MICROECONOMICS**

**EXAM VENUE:**

**STREAM: (DBA )**

**DATE:**

**EXAM SESSION:**

**TIME: 1 1/2 HOURS**

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**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 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**

- a. Define economics (2Mks)
- b. Distinguish between micro economics and macroeconomics (4Mks)
- c. State the law of supply and demand (4 Mks)
- d. State the salient features of perfect competition type of market structure (4 Mks)
- e. What is meant by mobility of factors of production(2 Mks)
- f. Differentiate between a movement and a shift in the demand curve (4Mks)
- g. What is meant by elasticity of demand and supply (2Mks)
- h. State the law of diminishing marginal utility (2 Mks)
- i. What is meant by the term economies of scale (2Mks)
- j. Name and explain two types of market structures (2Mks)
- k. Differentiate between fixed cost and variable costs (2Mks)

### **QUESTION TWO**

- a. State and explain the limitations of the cardinal theory (6Mks)
- b. State the importance of elasticity of demand (6 Mks)
- c. State and explain the factors of production (8 Mks)

### **QUESTION THREE**

- a. State and explain five determinants of demand (10 Mks)
- b. State and explain the sources of monopoly power (10 Mks)

### **QUESTION FOUR**

With an illustration of a well labelled diagram explain the movement and shift in the demand and supply curves

(20Mks)

### **QUESTION FIVE**

- a. State and explain the salient features of a perfect competition kind of market structure ( 8 mks )
- b. State the barriers to occupational mobility factors of production ( 8 Mks )
- c. The demand function of a certain firm is given as follows:

$$Q + 10 P = 20$$

Determine

- I. Average Revenue function ( 2 Mks)
- II. Total Revenue function ( 2 Mks)

