JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

1ST YEAR 1ST SEMISTER 2019 ACADEMIC YEAR

KISII CAMPUS

COURSE CODE: AEC 101

COURSE TITLE: INTRODUCTION TO MICRO ECONOMICS

EXAM VENUE: **STREAM: (BBA)**

DATE:------   **EXAM   SESSION: -------**

TIME: 2   HOURS

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

1(a) Define micro economics and explain the importance of this branch of economics

(10marks)

(b) Define economic laws and discuss how these laws are unique   (10marks)

(c) Given the following information

Units	Mu of X	MU of Y
1	33	36
2	30	37
3	27	28
4	24	24
5	21	21
6	18	18

Where MU is marginal utility.

Given the prize of good X as kshs 3 and that of good Y as kshs 4

   i.   Construct another table and calculate the MU of both good X and Y
   ii. Given a budget of Kshs. 20 how much will a rational customer spend on both goods i.e. X and Y and what will be the total utility derived from both goods   (10marks)

Question Two

(a)State the laws of demand and explain Giffens   paradox.   (10marks)

(b)Define demand and explain any four factors that determine demand.   (10 marks)

Question Three

(a)What is monopoly, what are the silent features of this form of market? Does this market exist in the real world situation?   (10marks)

(b)What do you understand by the term "mixed economy" Explain the unique characteristic of this economy.   (10marks)

Question Four

(a)Explain the following concepts as used in economics   (10marks)

   i.   Land
   ii.   Elasticity of Demand
   iii. Market Mechanism
   iv.   Monopsony
   v.   Equilibrium

(b)Discuss the limitations of Marshallian utility analysis.   (10marks)

Question Five

(a) Define labour. Explain the characteristics of labour.   (10marks)

 (b)State the fundamental problems in any economy.   (5marks)

(c)Define "Supply" with a help of a diagram show how it's related with price.   (5marks)