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UNIVERSITY EXAMINATIONS 2023/2024

FIRST YEAR FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS ADMINISTRATION

BEC 1101: INTRODUCTION TO MICROECONOMICS

DATE: APRIL 2023   **TIME: 1½HOUR**

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

a) Distinguish between microeconomics and macroeconomics.   (4 marks)

b) Explain the concept of scarcity and its significance in microeconomics.   (4marks)

c) Explain the concept of equilibrium price and quantity in a market.   (6 marks)

d) Discuss the factors that influence demand for a good or service.   (10 marks)

e) What is the difference between a movement along the demand curve and a shift in the demand curve? Illustrate using a diagram.   (6 marks)

QUESTION TWO 20 MARKS

a) Describe the law of supply and illustrate it with an example.   (6 marks)

b) Identify factors that can cause a shift in the supply curve for a product.   (6marks)

c) Demand function of chocolate is $Q = 6000 — 50p$ and supply function of chocolate is $Q = 400+20P$. Find the equilibrium price and quantity of chocolate.   (8 marks)

QUESTION THREE 20 MARKS

a) Differentiate between total utility and marginal utility.   (4 marks)

b) Define indifference curves and their characteristics.   (8 marks)

c) Discuss the concept of consumer equilibrium.   (8 marks)

QUESTION FOUR 20 MARKS

a) Define a firm and discuss its role in the economy. (6 marks)

b) Describe the various types of costs faced by firms, including fixed costs, variable costs, and total costs. (8 marks)

c) Discuss the relationship between marginal cost and average variable cost.

(6 marks)

QUESTION FIVE 20 MARKS

a) Define perfect competition and identify its key characteristics. (10 marks)

b) Contrast perfect competition with monopolistic competition. How do they differ in terms of product differentiation and barriers to entry? (10 marks)