MAIN EXAM

GARISSA UNIVERSITY

UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR ONE

FIRST SEMESTER EXAMINATION

SCHOOL OFBUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: ECO 110

COURSE TITLE: INTRODUCTION TO MICROECONOMICS

**QUESTION ONE** (COMPULSORY)

1. Specialization brings its benefits but it also has limitations. Discuss the statement [6marks]
2. Explain the three types of demand. [6 marks]
3. Explain some of the feature of monopoly. market competition [8 marks]
4. Explain four factors that can influence elasticity of supply. [8 marks]
5. The table below shows the demand and supply schedules for a product.

|  |  |  |
| --- | --- | --- |
| Price (Sh.Per Kg.) | Demand  (Kg) | Supply (Kg.) |
| 15 | 100 | 20 |
| 25 | 90 | 40 |
| 35 | 80 | 60 |
| 45 | 70 | 80 |
| 55 | 60 | 100 |
| 65 | 50 | 120 |
| 75 | 40 | 140 |

Required:

1. Plot the demand and supply curves and determine the equilibrium price and quantity [4 marks]
2. On the same graph show and explain how equilibrium is reached through the forces of damand and supply when there is a change in prices. [3marks]

QUESTION TWO

1. With a well lable diagram explain factors that may lead to supply curve shifting to the left

.[10 marks]

b) Discuss the modern theories of wage determination. [10marks)

QUESTION THREE

1. Explain any three assumptions of indifference curve theory. [6 marks]
2. Briefly explain any four main factors that may cause a fall in the supply of a good in the market. [8 marks]
3. Outline the limitations of cardinal utility theories. [6 marks]

QUESTION FOUR

1. Explain the theories that are used to explain the approaches of consumer behaviour. [10 marks]
2. Explain the five types of price elasticity of demand [10 marks]

QUESTION FIVE

a) Discuss some of the barriers to geographical mobility of labour. [10 marks]

1. Explain five factors that influence the location of a firm in Kenya [10 marks]