



MUEO

MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR (A,R&E)

UNIVERSITY EXAMINATIONS

2017/2018 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATION

FOR THE DEGREE OF BACHELOR OF ARTS IN ECONOMICS

COURSE CODE: ECO 110

COURSE TITLE: INTRO TO MICRO ECON

DATE: 9TH FEBRUARY, 2018

TIME: 11,.40 A.M – 2.40 P.M

INSTRUCTION TO CANDIDATES

SEE INSIDE

ECO 110: INTRODUCTION TO MICROECONOMICS

Year of Study: First

Semester: First

Academic Year: 2017/18

Date: February 2018

Time: 3 hours

Instructions: Answer Question One any Other Three Questions

QUESTION ONE

- (a) With the help of a diagram examine how to derive a budget line. (6marks)
- (b) Explain the use and limitations of microeconomic analysis. (7marks)
- (c) Briefly explain four factors that determine demand of a given commodity. (4marks)
- (d) Explain exceptional circumstances where the law of demand does not apply. (8marks)

QUESTION TWO

- (a) What is a production function? (2marks)
- (b) Explain how a producer achieves an optimum least cost combination of factors of production. (8marks)
- (c) Examine the importance of microeconomics especially in regard to the Ministry of Finance and farmers in Kenya. (5marks)

QUESTION THREE

- (a) Using diagrams explain and give reasons for the following
- (i) Why the demand curve moves within itself. (7marks)
- (ii) Shift in demand. (8marks)

QUESTION FOUR

- (a) Explain with diagrams the main characteristic of an oligopolistic market and equilibrium of a firm facing kinked demand curve. (10marks)
- (b) Explain price determination under conditions of price leadership in an oligopolistic market. (5marks)

QUESTION FIVE

Examine the following: -

- (i) Properties of indifference curves. (5marks)
- (ii) Price and income elasticities of demand. (5marks)
- (iii) Properties of isoquant curves. (5marks)

QUESTION SIX

Explain the following concepts:

- (i) Supplementary and economic costs. (3marks)
- (ii) Inferior and giffen goods. (3marks)
- (iii) Induction and deduction. (3marks)
- (iv) A demand curve and supply schedule. (3marks)
- (v) Income effect and substitution. (3Marks)