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**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER**

**MAIN/SPECIAL/SUPPLEMENTARY EXAMINATIONS**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: ECO 101**

**COURSE TITLE: INTRODUCTION OF MICROECONOMICS**

**DATE: 19/09/17**


**TIME: 9.00 A.M – 11.00 A.M**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question One in Section A and Any other TWO (2) Questions in Section B  
TIME: 2 HOURS

KIBUCO observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over. 

**SECTION A ( COMPULSORY)**

**QUESTION ONE**

**Write short notes on the following:**

- (a) Scarcity and choice (5mks)
- (b) Price Control (5mks)
- (c) Positive economics vs. normative economics (5mks)
- (d) Shift in demand curve vs movement along a demand curve (5mks)
- (e) Equilibrium price(5mks)
- (f) Determinants of supply (5 mks)

**SECTION B(ANSWER ANY TWO QUESTIONS FROM THIS SECTION)**

**QUESTION TWO.**

- (a) Distinguish between demand schedule and demand curve? (4mks)
- (b) Explain THREE characteristics of oligopoly?(6mks)
- (c) Discuss FOUR ways in which the study of economics as a subject is important (8mks)

**QUESTION THREE.**

- (a) Differentiate between short run and long run as used in economics? (4mks)
- (b) Given a production possibility frontier curve, show the impact of a new more efficient mode of production (6mks)
- (c) Explain FIVE factors which determine elasticity of demand (10mks)

**QUESTION FOUR**

- (a) Explain five characteristics of perfect competition (10mks)
- (b) With aid of an appropriate diagram, explain how the price of a commodity is determined in a free market situation. (10mks)

**QUESTION FIVE.**

- (a) Using examples, describe FOUR ways in which a firm may acquire monopoly position.(8mks)
- (b) Explain FIVE advantages of free market economy (10mks)
- (c) Explain the term Specialisation. (2 marks)