

TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF MANAGEMENT SCIENCE

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT
DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT
DIPLOMA IN HUMAN RESOURCES MANAGEMENT
DIPLOMA IN BUSINESS ADMINISTRATION
DIPLOMA IN BUSINESS MANAGEMENT
DIPLOMA IN ACCOUNTANCY
DIPLOMA IN FRONT OFFICE

BAC2102 : MICROECONOMICS

END OF SEMESTER EXAMINATIONS

SERIES: APRIL/MAY 2016

TIME: 2HOURS

INSTRUCTIONS

This paper contains **FIVE** questions .Answer question **ONE(COMPULSORY)**
and any other **TWO** questions

1a). Define the following economic terms-;

- i. microeconomics
- ii. opportunity cost
- iii. Command economic system
- iv. demand
- v. specialisation (10 marks)

b.) What are the advantages of free market economic system? (10 marks)

C.) Explain **FIVE** factors that will cause a leftward shift in demand curve. (10marks)

2a) what are the factors that determine price elasticity of demand? (10marks)

b) Name **FIVE** essential features of a command economic system (10 marks)

3 a) Using a well labeled diagram explain how price mechanism is achieved. (10marks)

b) Explain **FIVE** advantages of specialization. (10 marks)

4 a) what are the main features of perfect competition? (10marks)

b) Explain **FIVE** main sources of monopoly power (10marks)

5 a) Using well labeled diagrams explain how a firm in perfect competition makes normal profits, loss and super normal profits (10 marks)

b)

- i. What is a budget line? (2marks)
- ii. Highlight **FOUR** main characteristics of an indifference curve(8marks)

