



# THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of Jkuat)

*Faculty of Engineering and Technology*

**DEPARTMENT OF COMPUTER SCIENCE & INFORMATION TECHNOLOGY**

DIPLOMA IN INFORMATION TECHNOLOGY (DIT 2K 11M)

**BBA 2102: INTRODUCTION TO MICRO-ECONOMICS**

SPECIAL/SUPPLEMENTARY EXAMINATION

**SERIES: OCTOBER 2011**

**TIME: 2 HOURS**

## **Instructions to Candidates:**

You should have the following for this examination

- *Answer booklet*

Answer question **ONE (COMPULSORY)** in section A and any other **TWO** questions from section B

Maximum marks for each part of a question are clearly shown.

This paper consists of **TWO** printed pages

## SECTION A – Compulsory

### Question 1

- a) Distinguish between positive economics and normative economics (4mks)
- b) Highlight the factors that limit consumer sovereignty (8mks)
- c) The law of demand does not hold in all cases and in all situations. Explain the exceptions the law of demand (8mks)
- d) Using well labeled diagram(s), explain how equilibrium is reached in perfect competition (4mks)
- e) Discuss the various kinds of costs of production (6mks)

## SECTION B (ANSWER ANY TWO QUESTIONS)

### Question 2

- a) With the help of diagram(s), discuss the various stages of production implied by the law of variable proportions (10mks)
- b) Discuss the properties of isoquants (10mks)

### Question 3

- a) Using a well labeled diagram distinguish between price ceiling and price floor (10mks)
- b) To what extent are the various factors are mobile (10mks)

### Question 4

- a) Explain the meaning of price discrimination and state the conditions necessary price discrimination (10mks)
- b) Explain the factors determining the supply of given commodity (10mks)

### Question 5

- a) Discuss how the price mechanism allocates resources in a free market system (10mks)
- b) Using ordinal approach, graphically show how the equilibrium position of the consumer is achieved (10mks)