THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of JKUAT)

Faculty of Engineering & Technology

DEPARTMENT COMPUTER SCIENCE & INFORMATION TECHNOLOGY

DIPLOMA IN INFORMATION TECHNOLOGY/DIPLOMA IN INFORMATION COMMUNICATION TECHNOLOGY- DIT11M/ DICT11M

BBA 2120: INTRODUCTION TO MICRO-ECONOMICS

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: FEBRUARY/MARCH 2012

TIME: 2 HOURS

Instructions to Candidates:

You should have the following for this examination

- *Answer Booklet*

This paper consist of **FIVE** questions in **TWO** sections **A** & **B**
Answer question **ONE (COMPULSORY)** and any other **TWO** questions
Maximum marks for each part of a question are as 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)