PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF BUSINESS LEADERSHIP

BACHELOR OF COMMERCE

MAY-AUGUST 2019

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: BUS1313|BCM101

COURSE TITLE: PRINCIPLES OF MICRO-ECONOMICS

EXAM DATE:FRIDAY 9th AUGUST 2019

DURATION: 2 HOURS

TIME: 9:00AM-11:00AM

INSTRUCTIONS

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- *Write clearly and legibly.*
- This exam script consists of **Six (6)** questions.
- Answer ALL q**uestions in SECTION A(compulsory)** and A**ny other three (3)** questions from **SECTION B**
- *ALL PAC University's examination rules and regulations apply*

SECTION A: Compulsory

QUESTION ONE:

a) Describe the following terms as used in economics

i. Free Enterprise or free price system (2marks)
ii. Planned Economic Systems (2marks)
iii. Utility (2marks)
iv. Marginal Rate of Substitution (MRS) (2marks)
v. Diminishing marginal utility (2marks)
vi. Perfect competition (2marks)
vii. Monopolistic competition (2marks)
viii. Monopoly (2marks)
ix. Oligopoly (2marks)

b) Micro economics differs significantly from macro economics. Explain this statement (2marks)

c)Discuss any four properties of indifference curves (4 marks)

d) c) The law of demand doesn't apply to all goods. Explain (6 marks)

SECTION B: Answer any THREE questions

QUESTION TWO:

a) Outline any four factors that determine the elasticity of demand (4marks)

b) Explain any three factors that determine the quantity demanded of a commodity(6marks)

QUESTION THREE:

a) State the law of supply (2marks)

b) Identify and explain any four factors that influence supply (8marks)

QUESTION FOUR:

a) Given the following economic function, determine the equilibrium market **price** and **quantity**

Demand function: Qd =3550- 266p

Supply function: Qs = 1526+240p (2marks)

b) Explain the following terms as used in economics

i. Price Floor (2marks)
ii. Price Ceiling (2marks)

c) Discuss the concept of Breakeven point in economics (4marks)

QUESTION FIVE:

a)State the Law of Diminishing Returns (2marks)

b) Explain the following term as used in production economics

i. Marginal physical product (MPP) (2marks)

c) Explain the three levels of returns to scale in a firm in production (3marks)

d) Outline any three characteristics of a perfect competition form of a market structure

(3marks)

QUESTION SIX:

Given a monopolist demand function in the form;

Q=100-2P

The cost function given as;

50 +40Q

Required:

a) Determine the profit maximizing levels of price and output for the monopolist if price is given as;**P=50-0.5Q** (6marks)

b) Outline any four weaknesses of a monopoly (4marks)