PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE

BACHELOR OF BUSINESS LEADERSHIP

BACHELOR OF BUSINESS AND INFORMATION TECHNOLOGY

DIPLOMA IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT

JANUARY-APRIL 2019 SEMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: BUS1313|BCM101|BIT108|DSM101

COURSE TITLE: PRINCIPLES OF MICRO ECONOMICS

EXAM DATE: WEDNESDAY 10th APRIL 2019

DURATION: 3 HOURS

TIME: 9:00AM-12:00PM

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 examination script consists of **Six (6)** questions.
- Answer Question **ONE** and any other **FOUR** questions
- *ALL PAC University's examination rules and regulations apply*

QUESTION ONE: COMPULSORY

a. Explain three types of equilibrium. **(6Marks)**
b. Explain three exceptions of the law of diminishing marginal returns. **(6 Marks)**
c. Describe four factors of production. **(8 Marks)**
d. Discuss five determinants of demand. **(10 Marks)**
e. Using a diagram explain the production possibility frontier. **(10 Marks)**

QUESTION TWO

a. Explain three properties of indifference curves. **(6 Marks)**
b. Describe the three stages associated with the law of variable proportions. **(9 Marks)**

QUESTION THREE

Explain the following economic concepts.

i. Scarcity and choice. **(4 Marks)**
ii. Price elasticity of demand. **(5 Marks)**
iii. Substitution and income effects of price change. **(6 Marks)**

QUESTION FOUR

a. Using an example in each case, distinguish normative economics from positive economics. **(5 Marks)**
b. Discuss five characteristics of perfect markets. **(10 Marks)**

QUESTION FIVE

a. Explain two assumptions of isocosts. **(5 Marks)**
b. Discuss five types of oligopolies. **(10 Marks)**.

QUESTION SIX

a. Explain two advantages of a monopoly. **(4 Marks)**
b. The demand function and supply function of ABC company are as follows:
Demand function : Qd = 3550- 266p
Supply function: Qs = 1526 + 240p
Required:
   i. Equilibrium price **(3 Marks)**
   ii. Equilibrium quantity **(2 Marks)**

c. Suppose that the total cost function of a firm operating in the short run is given by $TC = Q^2 + 5Q+6$ Find
(i) The ATC function **(1 Mark)**
(ii) The average variable cost function **(2 Marks)**
(iii) The marginal cost function **(3 Marks)**