



**MURANG'A UNIVERSITY COLLEGE**  
**(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**MAIN CAMPUS**  
**DEPARTMENT OF COMMERCE**  
**ORDINARY UNIVERSITY EXAMINATION**  
**2015/2016 ACADEMIC YEAR**  
**YEAR ONE SEMESTER ONE EXAMINATIONS**  
**DIPLOMA IN BUSINESS MANAGEMENT & CERTIFICATE IN BUSINESS MANAGEMENT**  
**(DBM & CBM)**  
**COURSE CODE: DAB1213**  
**COURSE TITLE: ECONOMICS**

**DATE: 26<sup>TH</sup> APRIL 2016**

**TIME: 2 HOURS**

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**INSTRUCTIONS TO THE CANDIDATES**

**THIS PAPER CONSIST OF FOUR QUESTIONS**

Question one (1) is Compulsory

Answer Any Other Two (2) Questions

MRUC observes ZERO tolerance to examination irregularities

**SECTION A:**

- a) List and explain the three types of economic systems that a country can practice? (10 marks)
- b) Explain the role of government in a mixed economy? (10 marks)
- c) Discuss the methodologies of economics? (10marks)

**(TOTAL 30 MARKS)**

**SECTION B:**

**Question TWO:**

- a) Differentiate between normative and positive economics? (10 marks)
- b) DISCUSS THE TWO APPROACHES TO ECONOMICS? (10 marks)

**QUESTION THREEE.**

- a) Illustrate the profit maximizing position of a perfect competitive market structure? (6 marks)
- b) A monopoly exist due to barriers of entry list and explain some of this barriers? (8 marks)
- c) Discuss the profit maximizing conditions using marginal revenue and marginal costs? (6 marks)

**QUESTION FOUR:**

- a) What are some of the assumptions about consumer preferences? (10 marks)
- b) Extensively elaborate on what is meant by MARGINAL RATE OF SUBSTITUTION use a graph? (10 marks)