



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

SPECIAL/ SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE

OF

**BACHELOR OF HUMAN RESOURCE MANAGEMENT/COMMERCE/ BACHELOR
OF MATHEMATICS AND ECONOMICS**

COURSE CODE: HBC2104/HPS

COURSE TITLE: INTRODUCTION TO MICROECONOMICS/ MICROECONOMICS

DATE: 29TH JUNE, 2016

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer any OTHER TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities

QUESTION ONE (30 MKS)

- a. Clearly explain the distinction between supply, demand and equilibrium price (6mks)
- b. Explain the factors that may cause a fall in the supply of a commodity. (8mks)
- c. Explain the factors that may make disequilibrium to occur and persist. (8mks)
- d. Highlight the characteristics of oligopolistic market structure. (8mks)

QUESTION TWO (20 MKS)

- a. Discuss the factors that determine the price elasticity of supply. (10mks)
- b. Explain the assumptions of the law of variable proportions. 10mks)

QUESTION THREE (20MKS)

- a. Discuss the factors that influence the success of a price cartel. (10mks)
- b. Explain the factors that influence the cost of production of a firm. (10mks)

QUESTION FOUR (20MKS)

- a. i) Explain the properties of indifference curves. (6mks)
ii) Highlight the limitations of the indifference curves. (6mks)
- b. Explain the exceptions to the law of demand. (8mks)