



MURANGA UNIVERSITY COLLEGE

*(A CONSTITUENT COLLEGE OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE &
TECHNOLOGY)*

MAIN CAMPUS

ORDINARY 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/HPS2114/BCE2101

**COURSE TITLE: INTRODUCTION TO MICROECONOMICS/
MICROECONOMICS**

DATE: 14TH DECEMBER, 2015

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

**QUESTION ONE (1) IS COMPULSORY
ANSWER ANY OTHER TWO (2) QUESTIONS**

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

QUESTION ONE (30mks).

- (a) Explain the following concepts as used in economics. (8mks).
(i) Scarcity.
(ii) Choice
(iii) Opportunity Cost.
(iv) Production possibility frontier curve.
- (b) With the aid of a well labelled diagram distinguish between shifts in the demand curve and movements along the demand curve. (6mks).
- (c) Explain the importance of cross elasticity of demand in economic decision making. (6mks).
- (d) Highlight the salient features of a perfect competition market structure. (10mks).

QUESTION TWO (20mks).

- (a) Discuss the various sources of economies of scale. (10mks).
- (b) Explain the various applications of indifference curve analysis in an economy. (10mks).

QUESTION THREE (20mks).

- (a) Explain the factors that could lead to rightward shifts in the demand curve. (12mks).
- (b) Explain the importance of elasticity of supply in economic decision making. (8mks).

QUESTION FOUR (20mks).

- a) Highlight the assumptions of diminishing marginal utility (10mks)
- b) Explain the significances of factor mobility (10mks)