



**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/HPS2114/BCE2101**

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

**DATE:**

**TIME:**

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**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)