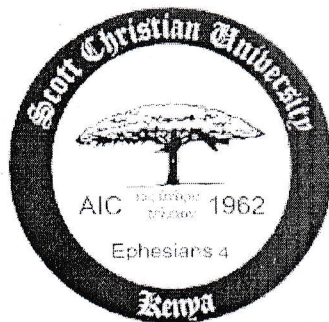




## **SCHOOL OF PROFESSIONAL STUDIES**

**UNIT CODE: BBA103/BBIT113/MGT113/BCD115: PRINCIPLES OF MICROECONOMICS**

**DECEMBER 2017: TIME 3 HOURS**

**INSTRUCTIONS: Answer QUESTION ONE and any other TWO**

### **QUESTION ONE**

- Examine the main differences between microeconomics and macroeconomics. (4 marks)
- Briefly examine the main characteristics of economic resources. (4 marks)
- Discuss some of the reasons why a command economic system/communism has declined around the world over time. (4 marks)
- Outline the key factors that determine the productivity of labor as a factor of production. (4 marks)
- What do you understand by the term supply? Discuss the main factors determining the quantity supplied to the market at any given time. (4 marks)
- Examine the major disadvantages of a monopoly as a market structure. (3 marks)
- Discuss the meaning of the term market failure. (2 marks)
- With a relevant illustration, briefly explain the law of diminishing marginal utility. (2 marks)
- Distinguish between derived and complementary demand. (2 marks)
- Outline the meaning of the term 'elasticity of supply'. (1 marks)

### **QUESTION TWO**

- Distinguish between positive and normative economics. (8 marks)
- Examine some of the reasons why the demand for some commodities may increase even as prices increase. (7 marks)

### **QUESTION THREE**

- Discuss the meaning of the term market as used in economics. (5 marks)
- Examine why land is considered a unique factor of production. (5 marks)
- Discuss the meaning and the key determinant of capital accumulation in a country. (5 marks)

### **QUESTION FOUR**

- Distinguish between a monopoly and monopolistic competition. (5 marks)
- What is a price taker as used in economics? (5 marks)
- Discuss the major roles of the government in a mixed economic system. (5 marks)

### **QUESTION FIVE**

- The practice of economics is concerned with addressing selected major issues in a country. Discuss some of those issues. (5 marks)
- Discuss the major characteristics of a free enterprise/capitalist economic system. (5 marks)
- Outline the major characteristics of an oligopoly. (5 marks)