



OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, RESEARCH AND STUDENT AFFAIRS

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

FIRSTYEAR FIRST SEMESTER REGULAR MAIN
EXAMINATION

FOR THE DEGREE OF BACHELOR OF
EDUCATION (ARTS)

COURSE CODE: EDB 101

COURSE TITLE: MICROECONOMICS

DATE: 24TH JANUARY, 2022

TIME: 2.00 P.M- 5.00P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

EDB 101 MICROECONOMICS

STREAM: BED (Arts)

DURATION: 3

Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.
- ii. Do not write on the question paper.

Question One (Compulsory)

Write brief notes on the following;

- a) Scarcity and choice. (5marks)
- b) Price elasticity of demand. (5marks)
- c) Substitution and income effects of price change. (5marks)
- d) Explain the importance of elasticity of demand (10marks)
- e) Distinguish microeconomics from macroeconomics (5marks)

Question Two

- a) Explain is oligopoly (4marks)
- b) Using a well illustrated diagram, show that a monopolist can make losses in the short-run even when $MC=MR$ (8marks)
- c) Using a well illustrated diagram, explain why prices are 'sticky' downwards under oligopolistic market (8marks)

Question Three

- a) Explain the characteristics of free market economy (10marks)
- b) Discuss factors which affect supply (10marks)

Question Four

- a) Define the term inferior goods (2marks)
- b) Explain the law of supply (2marks)
- c) Explain the concept of consumer sovereignty (4marks)
- d) Explain a situation where the law of supply is violated (2marks)

- e) Briefly explain the usefulness of the concept of elasticity of demand in decision making process (10 Marks)

Question Five

- a) Identify the source of monopoly power (6marks)
- b) In relation to the theory of production, explain the shut point of a firm (6marks)
- c) Explain with illustrations the long run output choice of a firm operating in a perfectly competitive structure (8marks)
