



OFFICE OF THE DEPUTY VICE CHANCELLOR  
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

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## UNIVERSITY EXAMINATIONS

**2023 /2024 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF  
EDUCATION ARTS**

**&**

**BACHELOR OF HOTEL AND HOSPITALITY  
MANAGEMENT**

**COURSE CODE: ECO 110/BUS 112/BHM 111**

**COURSE TITLE: INTRODUCTION TO  
MICROECONOMICS**

**DATE: 16/01/2025**

**TIME: 8:00 – 11:00AM**

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### **INSTRUCTION TO CANDIDATES**

- SEE INSIDE

**THIS PAPER CONSISTS OF 3 PRINTED PAGES**

**PLEASE TURN OVER**

**MAIN EXAM**

**ECO 110/BUS 112/BHM 111: INTRODUCTION TO MICROECONOMICS**  
**STREAM: BBM/BED (Arts)/BHM** **DURATION: 3 Hours**

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**INSTRUCTIONS TO CANDIDATES**

- i. Answer *Question ONE* and any other *TWO* questions.
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.
- iii. Do not write on the question paper.

**QUESTION ONE (30 MARKS)**

- a) Clearly distinguish the following pairs of economic concepts
- i. Microeconomics and Macroeconomics (4 marks)
  - ii. Economic efficiency and technical efficiency (4 marks)
  - iii. Public good and economic good (2 marks)
  - iv. Positive and Normative economic analysis (2 marks)
- b) You are given the following economic function
- $$Q_1 = 36 - \frac{1}{3}p;$$
- $$Q_2 = -9 + \frac{1}{2}p;$$
- Where, P is the market price for a particular commodity.
- i. Identify with reasons the demand and supply functions (4 marks)
  - ii. Explain the negative intercept of the second function (4 marks)
- c) Explain five sources of monopoly power to a firm (5 marks)
- d) Highlight four factors of production and indicate their rewards. (5 marks)

**QUESTION TWO (20 MARKS)**

- a) Draw graphical presentations of a short run equilibrium under the perfectly competitive market structure, and show how the firm makes supernormal profits (10 marks)
- b) Using a well labeled diagram, describe the relationship between average total cost (ATC), average Fixed cost (AFC), average variable cost (AVC) and marginal cost (MC) (10 marks)

**QUESTION THREE (20 MARKS)**

Use the table to attempt the following questions

Capital (units)	Labour (units)	TPL	APL	MPL
1	0	0		
1	1	5		
1	2	16		
1	3	36		
1	4	68		
1	5	95		
1	6	114		
1	7	119		
1	8	120		

1	9	117		
1	10	100		

- a) Fill average product (AP) and marginal product (MP) columns (10 marks) b)  
 Demarcate and explain the three stages of production (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) Explain the main determinants of price elasticity of demand (8 marks)
- b) Given Demand function:  $Q_d = 3550 - 266p$  and Supply function:  
 $Q_s = 1526 + 240p$
- Determine the equilibrium market price and quantity (6 marks)
  - Using the demand for a giffen good, illustrate an unstable equilibrium (6 marks)

**QUESTION FIVE (20 MARKS)**

- Clearly distinguish between the change in demand from change in quantity demanded. (5 marks)
- Using well labeled diagrams, clearly explain factors that causes shifts in supply curve (15 marks)