MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2018/2019 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER

SCHOOL OF BUSINESS MANAGEMENT & ECONOMICS

DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DBM 003
COURSE TITLE: INTRODUCTION TO ECONOMICS

DATE: 29ᵀᴴ APRIL, 2019   **TIME: 0830 – 1030HRS**

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** questions

*This paper consists of **three** printed pages. Please turn over.*

QUESTION ONE

1. (a) Define the following terms as used in economics.

I.	Scarcity	(1Mark)
II.	Alternative uses	(1Mark)
III.	Unlimited wants	(1Mark)
IV.	Marginal rate of substitution	(2Marks)

b) Distinguish between microeconomics and macroeconomics giving relevant examples. **(4Marks)**

(**c**) Using production possibility frontier (PPF) or curve explains the concept scarcity and opportunity in country producing maize and beans. **(5Marks)**

(**d**) Explain five assumptions under ordinal consumer theory. **(10Marks)**

(**e**) Define a budget line**.** **(1Mark)**

QUESTION TWO

a) Discuss five properties of indifference curve **(10Marks)**

b) Explain five sources of monopoly **(5Marks)**

QUESTION THREE

a) Distinguish between perfect competition and oligopoly market structures.

(10Marks)

b) Explain three types of production curves. **(5Marks)**

QUESTION FOUR

a) Explain five factors affecting size of national income.
   (10Marks)
b) Explain difficulties encountered in measuring national income.
   (5Marks)

QUESTION FIVE

(a)   Calculate   APL   and MP_L
(15Marks)

No of capital	No. of labor	TP_L	AP^L	MP_L
1 unit	0.	0		
1 unit	1.	5		
1 unit	2.	16		
1 unit	3.	36		
1 unit	4.	68		
1 unit	5.	95		
1 unit	6.	114		
1 unit	7.	119		
1 unit	8.	120		
1 unit	9.	117		

1 unit	10.	100		