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
QUESTION ONE

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

I. Scarcity
II. Alternative uses
III. Unlimited wants
IV. Marginal rate of substitution

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

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

(d) Explain five assumptions under ordinal consumer theory.

(e) Define a budget line.

QUESTION TWO

a) Discuss five properties of indifference curve

(b) Explain five sources of monopoly

QUESTION THREE

a) Distinguish between perfect competition and oligopoly market structures.

(b) Explain three types of production curves.
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)

<table>
<thead>
<tr>
<th>No of capital</th>
<th>No. of labor</th>
<th>TP_L</th>
<th>AP</th>
<th>MP_L</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 unit</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>1</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>2</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>3</td>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>4</td>
<td>68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>5</td>
<td>95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>6</td>
<td>114</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>7</td>
<td>119</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>8</td>
<td>120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>9</td>
<td>117</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 unit</td>
<td>10.</td>
<td>100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>