



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2013/2014**

**FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DIPLOMA  
IN COMMUNITY DEVELOPMENT**

**(HOMA-BAY CAMPUS)**

**DDC 0105: INTRODUCTION TO MICRO-ECONOMICS.**

*Date: 27<sup>th</sup> July 2014*

*Time: 2.00 - 4.00 pm*

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**INSTRUCTIONS:**

- Answer question ONE (compulsory) and any other TWO questions.

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**INSTRUCTIONS:** Answer question **ONE** and any **TWO** questions

1. a) What is meant by the term *Duopoly*?  
b) Differentiate between monopoly and monopolistic competition
2. a) Define Opportunity Cost  
b) Taking the price of any commodity to be Kshs. 5.00 per unit and the demand is 10 units. If the price falls from Kshs. 5.00 to Kshs. 4.00 per unit and demand increases from 10 to 12 units. Calculate price elasticity.  
c) Distinguish between point elasticity and price elasticity.
3. Discuss some of the *barriers to entry* in a *monopolistic* market structure
4. Using clear graphs, discuss the following laws in economics, and highlight on the equilibrium point.
  - (i). The Law of Demand
  - (ii). The Law of Supply
5. Discuss any *five* characteristics of oligopoly.