



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CEC 112  
COURSE TITLE : Principles of Microeconomics  
SPECIAL REQUIREMENTS : Non-programmable calculator  
Graph paper  
DURATION : 3 Hours  
LEVEL : 1.1  
DATE : 30 JUL 2024 30 JUL 2024

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer **any four (4)** questions.
4. Begin each question on a new page..
5. The number of marks for each question or part question is shown in brackets [ ]

### QUESTION 1

- a) List and explain any three (3) economic systems. [12 marks]
- b) State and explain the basic economic problem. [5 marks]
- c) With aid of diagrams and example, distinguish between change in quantity demanded and change in demand. [8 marks]

### QUESTION 2

- a) The demand for local football has been declining over the years according to sports analyst Robson Sharuko. Explain any **three (3)** factors that affect the demand for football in Zimbabwe. [9 marks]
- b) Assume the equation for the demand for candy bars is  $D = 200 - 50P$  and the equation for the supply of candy bars is  $S = 50 + 150P$ . Find the equilibrium price and quantity. [8 marks]
- c) With the aid of a diagram, explain the effect of a price floor on quantity supplied and quantity demanded. [7 marks]

### QUESTION 3

- a) Study the information given in the table below and answer the question that follows.

Slices consumed	Total Utility	Marginal utility
0	0	0
1	33	
2	55	
3	81	
4	99	
5	107	
6	111	
7	113	
8	114	
9	114	
10	109	

**Required:** Calculate the marginal utility and complete the table.

[5 marks]

b) Write short notes on the following terms.

i) Indifference curve.

[5 marks]

ii) Budget line.

[5 marks]

iii) Marginal rate of substitution.

[5 marks]

iv) Law of diminishing marginal utility.

[5 marks]

#### QUESTION 4

a) Compare and contrast a perfectly competitive firm with an oligopoly.

[12 marks]

b) Discuss whether monopoly is always an undesirable form of market structure.

[13 marks]

#### QUESTION 5

a) The market does not always work in the way it is intended to and in some cases it may fail to efficiently allocate resources. Explain the causes of market failure in the Zimbabwean economy.

[13 marks]

b) Explain the measures that can be put in place to minimise information asymmetry.

[12 marks]