



**ZIMBABWE EZEKIEL GUTI UNIVERSITY**

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**FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS**

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**DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP**

**EXAMINATION PAPER**

**MODULE CODE** : CEC112  
**MODULE TITLE** : Principles of Microeconomics  
**DURATION** : 3 Hours  
**LEVEL** : 1.1  
**DATE** : 12 FEB 2025

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed
3. Answer all questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets [ ]
6. Show all workings, where applicable.

### QUESTION 1

- a) Compare a change in quantity demanded and change in demand using diagrams and examples. **[5 marks]**
- b) Determine the basic economic problem and its relationship to opportunity cost and choice. **[8 marks]**
- c) Justify the effectiveness of the mixed economy in improving the welfare of the Zimbabwean citizens. **[12 marks]**

### QUESTION 2

- a) Evaluate the factors that influence the supply of onions in Zimbabwe. **[13 marks]**
- b) Justify, using examples, the importance of analysing elasticities for businesses in Zimbabwe. **[12 marks]**

### QUESTION 3

- a) Using a examples, compare cardinal approach to ordinal approach to utility. **[5 marks]**
- b) A firm has \$8 000 per day to spend on the production of wheat. A unit of labour costs \$250 and a unit of capital cost \$500. Given that the firm uses 9 units of capital, determine the units of labour that the firm uses per day. **[5 marks]**
- c) Argue why a firm in a perfectly competitive market would not cut its price below the market level to attract more customer. **[15 marks]**

### QUESTION 4

- a) With aid of diagrams, evaluate the types of price discrimination that are utilised by a monopoly owing to their market power. **[13 marks]**
- b) Critique the applicability of perfect competition using examples. **[12 marks]**

**END OF EXAMINATION PAPER**