



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

MODULE CODE : CEC112
MODULE TITLE : Principles of Microeconomics
DURATION : 3 Hours
LEVEL : 1.1
DATE :

07 APR 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) Using practical examples, evaluate the causes of market failure in any market of your choice in Zimbabwe. **[13 marks]**

b) With aid of examples, evaluate the factors that affect demand for bread in Zimbabwe. **[12 marks]**

QUESTION 2

a) Assume the equation for the demand for soccer balls is $D = 240 - 10P$ and the equation for the supply of soccer is $S = -40 + 150P$. Calculate the equilibrium price and quantity. **[6 marks]**

b) Suppose that the price of a bag of sweets is \$1 and the quantity demanded is 1 140. Next month the price of a bag of sweets up to \$1.20 and the quantity of sweets demanded per month falls to 1 001. Calculate the price elasticity of demand and interpret it. **[4 marks]**

c) Evaluate the relationship between price elasticity of demand and incidence of tax using diagrams. **[15 marks]**

QUESTION 3

a) An individual has 5 dollars a week to spend on cakes and books. Each book costs \$0.25 and a cake costs \$0.75. The individual consumes 5 cakes per week. Find the number of books the individual will buy given the budget and consumption of cakes. **[5 marks]**

b) Evaluate the differences between short run and long run using practical examples. **[5 marks]**

c) Study the table below and answer the question that follow.

Number of workers	Total product	Average Product	Marginal product
1	10		
2	21		
3	42		
4	62		
5	78		
6	91		
7	100		
8	105		
9	104		
10	101		

Calculate the average and marginal product for each worker.

[10 marks]

d) Illustrate using a diagram the consumer equilibrium under indifference curve analysis.

[5 marks]

QUESTION 4

a) Evaluate the strengths and weaknesses of Coase Theorem in assigning property rights and eliminating negative externalities.

[12 marks]

b) Critique the assumptions of game theory using real world examples.

[13 marks]

END OF EXAMINATION PAPER

15/15 PM