



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 : 29 JUL 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) Evaluate the strategies that can be put in place to control pollution at ZEGU Bindura campus. **[12 marks]**
- b) Justify conditions under which the key properties of a demand curve are violated using examples and diagrams. **[13 marks]**

QUESTION 2

- a) Compare perfect competition and monopoly in terms of objectives, number of sellers, nature of products, demand curves and barriers to entry. **[13 marks]**
- b) A firm in the production of bread has the following information about its production:

Output	Total Costs	Total Fixed Costs	Total Variable Costs	Average Total Costs	Average Fixed Costs	Average Variable Costs	Marginal Costs
0	250	250					
1	580						
2	790						
3	850						
4	1 000						
5	1 055						

Calculate the total fixed costs, total variable costs, average total costs, average fixed costs, average variable costs and marginal costs faced by the firm. **[12 marks]**

QUESTION 3

- a) Using a diagram, analyse the income and substitution effects under indifference curve analysis. **[12 marks]**
- b) Evaluate the assumptions or properties of preferences using examples from the Zimbabwean context. **[13 marks]**

QUESTION 4

a) The prices and demand for two goods is given in the table below.

Good	Old Price (\$)	Old quantity	New price (\$)	New quantity
Jam	1.25	1 800	1.5	1 200
Dovi	1.25	1 500	1.25	1 800

Calculate and interpret the cross price elasticity of demand between jam and dovi.

[5 marks]

c) Evaluate the factors that influence the price elasticity of demand of bread in Zimbabwe.

[10 marks]

d) Determine the effect of a price ceiling that is set below the market equilibrium price.

[10 marks]

END OF EXAMINATION PAPER

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