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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: ECO 410**

**COURSE TITLE: ADVANCED MICROECONOMICS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 08/04/2021 TIME: 09.00-11.00 AM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. Given a typical utility function U=144q -3where q is the quantity of goods consumed and U is the utility derived by a consumer.
2. Find the marginal utilities for q (4 marks)
3. Utility Maximizing point (6 marks)
4. Explain any five assumptions of Cardinal Utility Approach. (10 marks)
5. With the aid of a well labelled diagram or an illustration, explain the concept of budget line .(5 marks)
6. Using graphical illustration, discuss the consumer equilibrium in the ordinal utility theory. (5marks)

**QUESTION TWO (20 marks)**

1. Discuss in detail the concept of partial equilibrium. (10 marks)
2. Discuss the salient features of a general equilibrium. Explain with the aid of a diagram. (10 marks)

**QUESTION THREE (20 marks)**

1. Write short notes on bilateral monopoly. (8 marks)
2. Despite of many efforts put in place to fight the emergency of monopolies; still most economies have some form of monopoly in some sectors. Discuss any six factors that have led to this occurrence (12 marks)

**QUESTION FOUR**

1. Briefly explain the neo-classical marginalist theory of the firm (12marks)
2. Explain the various criticisms of the neo-classical marginalist theory of the firm (8marks)

**QUESTION FIVE (20 marks)**

Discuss in detail the following criterions for welfare.

1. Bentham’s Criterion (5marks)
2. Cardinalist Criterion (5marks)
3. Pareto- Optimality Criterion (5marks)
4. Growth of GNP Criterion (5marks)