ROBERT MUGABE SCHOOL OF HERITAGE AND EDUCATION

BACHELOR OF EDUCATION (SECONDARY) HONOURS DEGREE

LEVEL 2 SEMESTER 1

EXAMINATION QUESTION PAPER

MODULE CODE	**TDSB211**
MODULE NARRATION	**MICROECONOMICS**
DATE	**2024**
DURATION	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Answer any four questions
2. All questions carry equal marks
3. Start each answer on a fresh page
4. Show all workings, where applicable

QUESTION 1

Explain the difference between the following terms

(a) Microeconomics and macroeconomics [5 marks]

(b) Price ceiling and price floor [5 marks]

(c) Scarcity and shortage [5 marks]

(d) Heterogenous market and homogenous market [5 marks]

(e) Economic profit and accounting profit. [5 marks]

[Total 25 marks]

QUESTION 2

(a) Explain the difference between abnormal profit and normal profit. [5 marks]

(b) Zimbabwean banking sector is an oligopolistic market. Using the kinked demand curve theory, explain the behavior of banks in Zimbabwe. [10 marks]

(c) The government is not happy about the behaviour of most commercial banks in Zimbabwe. In response, the government wants the Commercial Bank of Zimbabwe (CBZ), a wholly government bank, to merge with other large local banks. Discuss the likely effects of this move.

[10 marks]

[Total 25 marks]

QUESTION 3

(a) Demand for labour is 'derived demand:

(i) Explain the meaning of the statement above [4 marks]

(ii) Discuss the determinants of price elasticity of demand for economists. [8 marks]

(b) You are a manager of Proton Zimbabwe, an oligopoly bread making company. Discuss how you can use elasticities of demand concepts to make sound economic decisions. [13 marks]

[Total 25 marks]

QUESTION 4

The following schedule shows weekly quantities of good X consumed by a household and the corresponding total utility.

Unit of X	0	1	2	3	4	5	6	7	8	9	10
Total utility	0	30	50	65	75	83	89	93	96	98	96
Marginal utility											

(a) Calculate the marginal utility for each extra kg consumed [5 marks]

(b) Using your answers in (a) above, explain the law of diminishing marginal utility. [6 marks]

(c) Using the utility theory of consumer behavior, explain how an individual consumer maximizes utility when consuming:

(i) One good [6 marks]

(ii) Two goods. [8 marks]

[Total 25 marks]

QUESTION 5

Following the continued increase in the prices of voice and broadband services, the Minister of Information Communication Technology, Postal, and Courier Services is considering the nationalization of all firms in the industry into a state monopoly. The Minister has to present the proposal to the Cabinet and asks you to advise her on the likely consequences of the proposal. Prepare a report which the Minister is to present to the Cabinet. [25 marks]

[Total 25 marks]

END OF EXAMINATION