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**University Examinations 2015/2016**

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

CERTIFICATE IN AGRICULTURE

**BUS 0160: INTRODUCTORY ECONOMICS**

**DATE: AUGUST 2016 TIME: 1 ½ HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two***questions.

**QUESTION ONE (30 MARKS)**

1. Mention and briefly explain the divisions of economics (5 marks)
2. Explain five reasons for studying economics (5 marks)
3. Using relevant examples, explain the relationship between scarcity, choice and opportunity cost. (9 marks)
4. Describe five importance of national income (5 marks)
5. State three factors of production and give the features briefly. (6 marks)

**QUESTION TWO (15 MARKS)**

1. State and briefly explain seven factors affecting supply of commodities in the market. (7 marks)
2. Define demand and describe seven factors affecting the demand of a commodity in the market. (8 marks)

**QUESTION THREE (15 MARKS)**

1. State and explain the methods used in calculating national income (12 marks)
2. Mention three difficulties encountered in the measurement of national income (3 marks)

**QUESTION FOUR (15 MARKS)**

1. Describe vicious cycle of poverty using illustration (5 marks)
2. Define economic system and briefly describe three different economic systems adopted in the word. (10 marks)