

**W1-2-60-1-6**

## JOMO KENYATTA UNIVERSITY

**OF**

**AGRICULTURE AND TECHNOLOGY**

# University Examinations 2014/2015

**SECOND YEAR FIRST SEMESTER/FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN MATHEMATICS AND COMPUTER SCIENCE/BACHELOR OF PURCHASING AND SUPPLY MANAGEMENT**

**HRD 2103 : GENERAL ECONOMICS**

**DATE: AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE (COMPULSORY) AND**

**ANY OTHER TWO QUESTIONS.**

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**QUESTION ONE (30 MARKS)**

(a) Distinguish between microeconomics and macroeconomics.

[4 marks]

(b) (i) What is the overall economic problem faced by mankind?

[1 mark]

(ii) Briefly explain the main choices available to human societies to counter the problem in (i) above. [3 marks]

(iii) What is opportunity cost? [2 marks]

(c) Why is the production possibility frontier important to a firm?

[8 marks]

(d) Briefly explain the factors that determine the demand of a commodity in a market of your choice. [8 marks]

(e) (i) What is utility? [2 marks]

(ii) Distinguish between knowledge utility and natural utility.

[2 marks]

**QUESTION TWO (20 MARKS)**

(a) Distinguish between a movement along and a shift in demand curve.

[4 marks]

(b) (i) What is price elasticity of demand? [4 marks]

(ii) The price elasticity of demand of a product/service is affected by several factors. State and briefly explain six of these factors. [12 marks]

**QUESTION THREE (20 MARKS)**

(a) (i) What is National Income? [2 marks]

(ii) Distinguish between Gross National Product and Gross Domestic Product. [2 marks]

(b) (i) How significant is the analysis of Gross National Product

figures? [8 marks]

(ii) What are the problems encountered in measuring National Income in developing countries? [8 marks]

**QUESTION FOUR (20 MARKS)**

(a) Briefly state and explain the essential features of a perfectly competitive market. [8 marks]

(b) (i) What are the conditions that should be met for firms to

maximize profits? [4 marks]

(ii) Should monopolists always make profits? Explain. [8 marks]

(iii) W

**QUESTION FIVE (20 MARKS)**

(a) What is a commercial bank? [2 marks]

(b) What roles do commercial banks play in a country? [6 marks]

(c) State and explain the functions of Central Bank of Kenya. [8 marks]

(d) What are the four essential features of money? [4 marks]