



# MASENO UNIVERSITY

## UNIVERSITY EXAMINATIONS 2012/2013

SECOND YEAR FIRST SEMESTER EXAMINATIONS FOR  
THE DEGREE OF BACHELOR OF SCIENCE IN  
ECOTOURISM, HOTEL & INSTITUTION MANAGEMENT  
WITH INFORMATION TECHNOLOGY  
(CITY CAMPUS - EVENING)

### SEH 203: PRINCIPLES OF ECONOMICS

*Date: 19<sup>th</sup> July, 2013*

*Time: 5.30 – 7.30 p.m.*

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**SEH 203: PRINCIPLES OF ECONOMICS  
(CITY CAMPUS)**

**INSTRUCTIONS**

1. ANSWER ALL THE QUESTIONS IN SECTION A
2. ANSWER ONE QUESTION IN SECTION B
3. ANSWER ALL THE QUESTIONS IN THE ANSWER BOOKLET PROVIDED

**SECTION A (45 MARKS)**

**ANSWER ALL QUESTIONS IN THIS SECTION**

1. Define the following terms.
  - a. Economics
  - b. Monopoly
  - c. Quantity demanded
  - d. Effective demand
  - e. Quantity supplied
  - f. Equilibrium price
  - g. Equilibrium quantity
  - h. Opportunity cost
  - i. Oligopoly

(9 marks)
2. Distinguish "income effect" from "substitution effect". 

(2 marks)
3. What is a "giffen good"? 

(2 marks)
4. Describe the properties of indifference curves. 

(8 marks)
5. Explain three factors each that would shift the labour demand and labour supply curves. 

(6 marks)
6. State four explanations for unemployment. 

(4 marks)