

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF SCIENCE IN ECONOMICS AND STATISTICS, BACHELOR OF ARTS IN ECONOMIC AND MATHS AND BACHELOR OF ECONOMICS AND SOCIOLOGY

ECON 442: ECONOMICS OF EDUCATION

STREAMS: BSC CONSTAT, BA ECONMATH, BA ECONSOCI TIME: 2 HOURS

DAY/DATE: THURSDAY 23/09/2021

8.30 A.M – 10.30 A.M.

INSTRUCTIONS:

- Answer question ONE and any other TWO questions.

QUESTION ONE

(a) Explain the following terms as used in economics of education.

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| (i) Implicit cost | (2 marks) |
| (ii) Explicit cost | (2 marks) |
| (iii) Internal Efficiency of Education | (2 marks) |
| (iv) External Efficiency of Education | (2 marks) |
| (v) Institutional Cost | (2 marks) |

(b) In every financial year, the ministry of Education is allocated a significant percentage of the budget in Kenya. This practice rises concerns from other players in different industries on why much emphasis is given to the Education industry. As an expert, persuade other industries why the government is justified to allocate a significant portion of its revenue to Education sector by focusing on contribution of Education to economic development (10 marks)

(c) Discuss the reasons why it is important to have Education policies in any country. (10 marks)

QUESTION TWO

(a) Describe the Human Capital Theory in relation to Economics of Education. (11 marks)

- (b) Discuss the concept of Scarcity, Choice and Opportunity cost in Economics of Education. (9 marks)

QUESTION THREE

- (a) Discuss the possible remedies of the consequences of brain drain in the third world countries. (12 marks)
- (b) Illustrate the reasons why it is important to examine the costs incurred in Education. (8 marks)

QUESTION FOUR

- (a) Justify why it is important for an institution of higher learning to commit its resources in training its learners on Economics of Education. (10 marks)
- (b) Explain the following terms: Education as Economic good, Education as a consumer good and Education as a Capital good. (6 marks)
- (c) Explain the fundamental problem of economics of education. (4 marks)
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