

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

**RESIT/SPECIAL EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF CERTIFICATE IN BUSINESS  
MANAGEMENT**

**CIBM /ECON 00121: INRODUCTION TO ECONOMICS**

**STREAMS:**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 04/02/2021**

**11.30 A.M – 1.30 P.M**

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**INSTRUCTIONS:**

1 1 Distinguish between the following terms as used in economics

Veblen goods and giffen goods

Demand and supply

Microeconomics and macroeconomics

Inflation and deflation

( 8marks)

b) b) Given the following functions:

$$Q_1 = -4 + 4P$$

$$Q_2 = 12 - 4P$$

I. State the demand and supply functions respectively.

(2 mark)

II. Compute the equilibrium quantity and market price.

(5 marks)

III. Differentiate between a movement along the supply curve and a shift of the supply curve with the aid of diagrams.

(5 marks)

c) Discuss the causes and remedies of unemployment in Kenya

(10marks)

- 2a) Using an illustration discuss the simple circular flow of income (6marks)
- b) Giving relevant examples explain the exemptions to the law of demand (8marks)
- c) Highlight the causes of cost push inflation in an economy (6marks)
- 3a) Using a suitable diagram explain the concept of production possibility frontier (PPF). (7marks)
- b) Per Capita income is not a good measure of national well-being of people in an economy. Discuss. (7marks)
- c) According to Keynes there are three motives for holding money. Discuss. (6marks)
- 4a) Explain the approaches to the measurement of national income (6marks)
- b) Clearly discuss the basic functions of money (8marks)
- c) Highlight the determinants of demand and supply (6marks)
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