

CHUKA



UNIVERSITY

UNIVERSITY SUPPLEMENTARY/SPECIAL EXAMINATIONS.

SECOND YEAR EXAMINATION FOR THE AWARD OF BACHELOR OF SCIENCE IN
ECONOMICS AND SOCIOLOGY

ECON 100: INTRODUCTION TO ECONOMICS

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 13/09/2018

2.30 P.M - 4.30 P.M

INSTRUCTIONS:

- Answer Question ONE and any other TWO Questions

QUESTION ONE

- (a) Differentiate between the following as used in economics:
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|---|-----------|
| i. Perfect elastic demand and elastic demand | [2 Marks] |
| ii. Gross domestic product and gross national product | [2 Marks] |
| iii. marginal propensity to consume and average propensity to consume | [2 Marks] |
| iv. intended and unintended investment | [2 Marks] |
- (b) Explain why national income is not an appropriate measure of the welfare of the people. [8 Marks]
- (c) Discuss the exceptions to the law of demand. [6 Marks]
- (d) Discuss the assumptions of cardinal approach of measuring utility. [8 Marks]

QUESTION TWO

- i. Explain the role of the agricultural industry in the Kenyan economy. [10 Marks]
- ii. Using an illustration, discuss the stages of production and highlight the best stage for any rational producer. [10 Marks]

QUESTION THREE

- (a) Explain the determinants of consumption spending. [4 Marks]

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- (b) Using the characteristics of each, differentiate between oligopoly and perfect competitive markets. [10 Marks]
- (c) Highlight the difficulties encountered in measuring national income. [6 Marks]

QUESTION FOUR

- i. Clearly discuss any 5 types of unemployment and suggest possible remedies. [10 Marks]
 - ii. Discuss the circular flow of income model for a three sector economy. Hence discuss leakages and injections from the model. [10 Marks]
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