

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF SCIENCE IN APPLIED COMPUTER SCIENCE AND ENVIRONMENTAL SCIENCE

ECON 100: INTRODUCTION TO ECONOMIC

STREAMS:

TIME: 2 HOURS

DAY/DATE: THURSDAY 19/04/2018

2.30 P.M – 4.30 P.M

INSTRUCTION:

- Answer question one and any other two

- (a) Define the law of demand and explain the three exceptions to the law of demand. [8marks]
 - (b) State and explain four major goals of microeconomics policy. [8marks]
 - (c) With the aid of a well –labeled diagram show types of production curves in the short-run (total product, average product and marginal product curves), clearly indicating the three production stages. [8marks]
 - (d) Discuss the three approaches used in measurement of National output. [6marks]
- (a) Discuss any five factors that influence supply of a commodity. [10marks]
 - (b) With the aid of relevant diagrams discuss the circular flow of income and expenditure in a two sector economy. [10marks]
- (a) Discuss the two approaches used in the study of economics giving examples in each case. [10marks]
 - (b) Consider the following functions:

$$\left. \begin{aligned} Q_1 &= -6 + \frac{3}{4}P \\ Q_2 &= 18 - \frac{2}{3}P \end{aligned} \right\} \text{ where } Q_1 \text{ and } Q_2 \text{ are quantity and } P \text{ is the price}$$

- (i) Giving reasons identify the demand and supply functions. [4marks]
 - (ii) Calculate equilibrium price (p) and quantity (Q) for the above market. [6marks]
4. Differentiate between the following concepts as used in economics;
- (i) Gross domestic product (GDP) vs Gross National Product (GNP). [4marks]
 - (ii) Macroeconomics vs Micro economics [4marks]
 - (iii) Inferior goods vs normal goods [4marks]
 - (iv) Cardinal utility vs ordinal utility measurements. [4marks]
 - (v) Scarcity vs opportunity cost. [4marks]
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