

CHUKA



UNIVERSITY

RESIT/ SPECIAL EXAMINATIONS

**FOURTH YEAR EXAMINATION FOR THE AWARD OF
BACHELOR OF AGRICULTURAL ECONOMICS**

ECON 412: ECONOMICS OF INDUSTRY

STREAMS:

TIME: 2 HOURS

DAY/DATE: MONDAY 23/07/2018

11.30 AM – 1.30 PM

INSTRUCTIONS:

Question One (30 Marks)

- (a) Discuss the principles of innovation as outlined by Peter Drucker. [10 marks]
- (b) Discuss 3 factors that affect the innovative capacity of an industry. [6 marks]
- (c) Discuss 3 ways in which the natural environment serves human economy. [6 marks]
- (d) List at least 5 public amenities in Kenya and the mechanics through which they are provided. [5 marks]
- (e) What is meant by the term market concentration? [3 marks]

Question Two (20 Marks)

- (a) Define the term vertical integration and outline its advantages and disadvantages. [10 marks]
- (b) Discuss the single monopoly profit theory of vertical integration. [10 marks]

Question Three (20 Marks)

- (a) What is meant by the term externality? Highlight 3 forms of externalities. [8 marks]
- (b) Discuss the measures undertaken by the Kenyan government to control pollution in Kenya. [12 marks]

Question Four (20 Marks)

- (a) Discuss ways in which technological innovations promote economic growth. [10 marks]
- (b) Outline the 4 main aspects that are targeted by occupational safety and health regulations. [4 marks]
- (c) Highlight 3 types of government regulation and give examples. [6 marks]
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