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CHUKA



UNIVERSITY

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**SUPPLEMENTARY / SPECIAL EXAMINATIONS**  
**FIRST YEAR EXAMINATION FOR THE AWARD OF BACHELOR DEGREE IN ....**  
**ECON 100: INTRODUCTION TO ECONOMICS**

**STREAMS:**

**TIME: 2**

**HOURS**

**DAY/DATE: MONDAY 16/11/2020**

**11.30 A.M - 1.30 P.M.**

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**INSTRUCTIONS:**

1. Differentiate between the following as used in economics
  - 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)
2. Explain why national income is not an appropriate measure of the welfare of the people (8 marks)
3. Discuss the exceptions to the law of demand (6 marks)
4. 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**

1. Explain the determinants of consumption spending (4 marks)

2. Using the characteristics of each, differentiate between oligopoly and perfect competitive markets (10 marks)
3. 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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