

THARAKA



UNIVERSITY

COLLEGE

UNIVERSITY EXAMINATIONS

FIRST YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF SCIENCE IN COMPUTER SCIENCE

ECON 100/BPLM 101: INTRODUCTION TO ECONOMICS

STREAMS: BSC (COMP. SCI)

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 15/04/2020

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE

- (a) Differentiate the following terms as used in economics
- (i) Elasticity of demand and law of demand
 - (ii) Giffen goods and Veblen goods
 - (iii) Firm and Industry
 - (iv) Consumption and investment
- (b) Inflation is defined as the persistent increase in general price level. Discuss various policies that can be adopted by the government as remedies of inflation.
- (c) (i) What is supply? [1 mark]
- (i) Discuss various factors that influence suppliers decision in an economy.[5 marks]
- (d) (i) What is national income [1 mark]
- (ii) Discuss various factors that make Kenyan economic growth to be higher compared with Somali economy [5 marks]

QUESTION TWO

(a) In ABC market there exists two functions

Determine:

- (i) The demand and supply function [2 marks]
- (ii) Calculate the equilibrium price and quantity in the market [4 marks]
- (iii) Explain reasons behind the downward slope of demand curve [4 marks]

(b) (i) What is production? [1 mark]
(ii) Draw the various stages of production and identify the best stage the firm should operate in [9 marks]

(c) (i) Discuss the various motives of holding money according to Keynesian theory [6 marks]

(ii) Discuss various internal effects of inflation in an economy. [6 marks]

(d) Given the following total cost function

Calculate:

- (i) Fixed cost [2 marks]
- (ii) Average variable cost [2 marks]
- (iii) Marginal cost [2 marks]
- (iv) Average total cost [2 marks]

QUESTION THREE

- (i) Explain natural rate of unemployment [1 mark]
- (ii) Discuss six policies of curing unemployment in Kenya. [9 marks]

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- (iii) Addressing the characteristics defined under the scarcity definition of economics, discuss the concept of scarcity and opportunity cost. [10 marks]

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