

CHUKA



UNIVERSITY

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## UNIVERSITY EXAMINATIONS

### EXAMINATION FOR THE AWARD OF DEGREE OF CERTIFICATE IN

**ECON 00121: INTRODUCTION TO ECONOMICS**

**STREAMS: CERT**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 14/04/2020**

**2.30 PM – 4.30 PM**

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#### INSTRUCTIONS:

- **Answer Question One and any other Two Questions**
- **Do not write anything on the question paper**

1. (a) Distinguish between the following terms as used in economics
    - (i) Microeconomics and macroeconomics
    - (ii) Demand and supply
    - (iii) Scarcity and choice
    - (iv) Positive economics and normative economics [8 marks]
  - (b) Given the following function
    - (i) State the demand and supply functions. [2 marks]
    - (ii) Compute the equilibrium quantity and market price [4 marks]
  - (c) Clearly discuss the three approaches to measurement of national income. [8 marks]
  - (d) Discuss the major goals of macroeconomics policy. [8 marks]
2. (a) According to Keynes, people hold money because of three motives. Discuss. [6 marks]

- (b) List four properties of money as a medium of exchange. [4 marks]
- (c) Discuss the factors that determine demand and supply [10 marks]
3. (a) Explain the causes and remedies of unemployment in Kenya. [10 marks]
- (b) With the aid of diagrams, distinguish between cost push and demand-pull inflation giving the causes for each. [10 marks]
4. (a) Per capita income is not a good measure of national well-being of people in an economy. Discuss. [10 marks]
- (b) Using a well labelled diagram, discuss the circular flow of income of a three-sector economy. [6 marks]
- (c) What are the difficulties encountered in measuring national income? [4 marks]
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