

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FIRST YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF SCIENCE IN WILDLIFE AND ENTERPRISE MANAGEMENT, ECOTOURISM AND HOSPITALITY MANAGEMENT AND NATURAL RESOURCE MANAGEMENT

ECON 100: INTRODUCTION TO ECONOMICS

STREAMS: NARE Y2S2, BSC. WILDLIFE MNGT & BSC. ECOTOURISM HOSP MNGT

TIME: 2 HOURS

DAY/DATE: TUESDAY 09/08/2016

11.30 A.M-1.30 P.M.

INSTRUCTIONS:

- **ANSWER QUESTION ONE AND ANY OTHER TWO**

1. (i) Differentiate the following terms as used in economics.
 - a. Scarcity and opportunity cost
 - b. Giffen and Veblen goods
 - c. Gross National Product and Gross Domestic Product
 - d. Perfect elastic demand and Perfect Inelastic Demand
 - e. Induced and Autonomous Investment (10 marks)
- (ii) With the aid of diagrams, differentiate between a shift and movement along the demand curve. (5 marks)
- (iii) Use the data below to compute price elasticity of demand. (2 marks)

Quantity (Units)	Price (Shs)
200	32
240	20

- (iv) Define elasticity of supply and briefly explain any four factors that influence the elasticity of supply. (10 marks)
- (v) Given the following functions:
- $$Q_1 = 7100 - 532p$$
- $$Q_2 = 3052 + 480p$$
- I. State the demand and supply functions respectively. (1 mark)
- II. Compute the equilibrium quantity and market price. (2 marks)
2. (i) Explain the complex circular flow of income. (8 marks)
- (ii) Explain the three approaches used in measuring national income. (6 marks)
- (iii) Discuss four reasons as to why an increase in national income does not necessarily mean an improvement in the social welfare of individuals. (6 marks)
3. (i) Define Inflation (2 marks)
- (ii) Explain the causes of inflation in an economy (8 marks)
- (iii) Explain five measures adopted by the government to control inflation. (10 marks)
4. (i) Explain five types of unemployment in an economy. (5 marks)
- (ii) Discuss five causes of unemployment giving relevant examples. (10 marks)
- (iii) Suggest five cures that can be adopted by the government to cure unemployment. (5 marks)
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