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University Examinations 2012/2013

FIRST YEAR, FIRST SEMESTER, EXAMINATION FOR CERTIFICATE/DIPLOMA IN
AGRICULTURE

BUS 0160: INTRODUCTORY ECONOMICS

DATE: AUGUST 2013   **TIME: 1 ½ HOURS**

INSTRUCTIONS: *Answer question **ONE** and any other **TWO** questions*

QUESTION ONE (30 MARKS)

a) Define the following terms as used in economics.   (10 Marks)

    i.   Economics

    ii.   Scarcity

    iii.   Choice

    iv.   Opportunity cost

    v.   Utility

    vi.   Supply

    vii.   Demand

    viii.   National income

    ix.   Price elasticity

    x.   Economies of scale

b) Discuss the factors affecting demand and supply for commodities.   (10 Marks)

c) Explain the concept of viscious circle of poverty.   (5 Marks)

d) When the price of cake sh. 5 per unit, supply is 10 units. When the price rises from sh.5 to sh.
7 per unit, supply increases from 10 units to 14 units. Find the supply elasticity.   (5 Marks)

QUESTION TWO (15 MARKS)

a) Explain five assumptions of law of demand.   (5 Marks)

b) Using illustrations, distinguish between demand curve and demand schedule.   (10 Marks)

QUESTION THREE (15 MARKS)

a) Differentiate extension and contraction of supply from rise and fall in supply using relevant illustrations. (10 Marks)

b) Explain five factors influencing supply of a commodity. (5 Marks)

QUESTION FOUR (15 MARKS)

a) Demand for a product may be more elastic or less elastic. Discuss the factors determining demand elasticity. (6 Marks)

b) Describe various economic systems and briefly give features of each. (9 Marks)

QUESTION FIVE (15 MARKS)

Discuss the importance of national income. Explain any difficulties encountered in measuring national income. (15 Marks)