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University Examinations 2013/2014

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

BUS 0160- INTRODUCTORY ECONOMICS

DATE: DECEMBER 2013

TIME: 1 $\frac{1}{2}$ HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

QUESTION ONE – 30 MARKS

- (a) Define the following terms as used in Economics: (5Marks)
- (i) Scarcity
 - (ii) Opportunity Cost
 - (iii) Choice
 - (iv) Economic rent
 - (v) Utility
- (b) In economics demand means the quantity which the buyer stands ready to buy at varying prices where all other conditions are constant. State and briefly explain these other conditions. (6Marks)
- (c) Using illustrations explain what is meant by abnormal demand curve. Give two causes of abnormal demand curve. (10Marks)
- (d) Define economic system and explain three different economic systems, stating their features briefly. (9Marks)

(e) QUESTION TWO – 15 MARKS

Discuss the concepts used in the measurement of National Income (15Marks)

QUESTION THREE – 15 MARKS

- (a) Distinguish between Economies and diseconomies of scale. (2Marks)
- (b) Explain the concept of viscous cycle of poverty (5Marks)
- (c) Explain the advantages and disadvantages of producing in large scale. (8Marks)

QUESTION FOUR – 15 MARKS

- (a) Explain five factors that may influence supply of a commodity. (5Marks)
- (b) When making good and services firms combine resources so as to minimize the production cost. In the light of this statement, explain various types of costs incurred during production. (10Marks)

QUESTION FIVE – 15 MARKS

Analyze the factors that determine the economic growth of a country. (15Marks)