

**W1-2-60-1-6**

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

# **UNIVERSITY EXAMINATIONS 2018/2019**

FIRST YEAR SECOND SEMESTER EXAMINATION FOR THE DIPLOMA IN PURCHASING AND SUPPLIES MANAGEMENT

**HRD 0202: GENERAL ECONOMICS**

DATE: APRIL 2019 TIME: 2 HOURS

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**INSTRUCTIONS:**

**ANSWER QUESTION ONE [COMPULSORY] AND ANY OTHER TWO QUESTIONS**

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**QUESTION ONE [30 MARKS]**

1. Explain the following economic terms:-
2. Scarcity [2 marks]
3. Wants [2 marks]
4. Choice [2 marks]
5. Opportunity cost [2 marks]
6. Micro economics [2 marks]
7. Discuss the following economic theories
8. Cardinal utility theory [2 marks]
9. Price theory [2 marks]
10. Keynes theory of employment [2 marks]
11. Supply theory [2 marks]
12. Cost theory [2 marks]
13. Explain five factors affecting the size of national income [5 marks]
14. Analyze credit creation and monetary policy [5 marks]

**QUESTION TWO [20 MARKS]**

Briefly discuss the following market structures

1. Perfect competition [4 marks]
2. Monopoly [4 marks]
3. Monopolistic competition [4 marks]
4. Oligopoly [3 marks]

**QUESTION THREE [20 MARKS]**

1. Discuss the factors that influence demand of a commodity [10 marks]
2. Highlight the conditions of profit maximization [5 marks]

**QUESTION FOUR [20 MARKS]**

1. With an appropriate illustration explain the circular flow of income and expenditure [10 marks]
2. Highlight the functions of money [5 marks]

**QUESTION FIVE [20 MARKS]**

1. Using the following values, determine the equilibrium price and equilibrium quantity [10 marks]

Price (kshs) 2 3 4 5 7 7 8

Units demanded 80 70 60 50 40 30 20

Units supplied 20 30 40 50 60 70 80

1. Differentiate between demand for money and supply for money. [5 marks]