

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

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2018/2019**

**EXAMINATION FOR THE DEGREE**

**HRD 2203: INTRODUCTION TO ECONOMICS**

**DATE: AUGUST 2019 TIME: 2 HOURS**

**INSTRUCTIONS: QUESTION ONE IS COMPULSORY. CHOOSE ANY OTHER TWO**

**QUESTION ONE**

a) Many Kenyan citizens wish to work and live in U.S.A. This is because they study the national income statistics of both countries. Advice them as to why they should not rely on national income statistics to compare living standard of Kenya and America.

b) Price based competition is unsuccessful in firms such as supermarkets. Advice the manager on other methods to compete with other supermarkets aside from price (10 marks)

c) A given firm operates at point B. As an upcoming student in this area advice the management on steps to take so as to operate at point X. (4 marks)

d) Given the following demand function

P = 10- 1/8 Q

Calculate:

1. Total revenue
2. Marginal revenue
3. Average revenue (6 marks)

**QUESTION TWO**

a) State the law of diminishing returns as applied to production function (3 marks)

b) Illustrate and explain the three stages associated with the laws of variable proportions (12 Marks)

c) The information below represents transaction of country X in billions of shillings.

Total output Intermediate purchases

Agriculture 30 10

Manufacturing 70 45

Services 55 25

**Required**

Calculate the National Income using value added method (5 marks)

**QUESTION THREE**

a) Define the term unemployment (2 marks)

b) Discuss the main causes of unemployment (10 marks)

c) Suggest the possible measures to implement to reduce unemployment in Kenya (8 marks)

**QUESTION FOUR**

a) Explain the causes of labour mobility (4 marks)

b) What are the main factors that influence labour demand (8 marks)

c) Discuss the major causes of supply curve shifts (8 marks)