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**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)**

**MAIN**

**UNIVERSITY EXAMINATIONS  
2021/2022 ACADEMIC YEAR**

**FIRST YEAR, SECOND SEMESTER EXAMINATIONS**

**FOR  
BACHELOR OF NATURAL RESOURCE MANAGEMENT (SNR)**

**COURSE CODE: ECO 121**

**COURSE TITLE: BASIC ECONOMICS**

**DATE: Monday , 25-04-2022**

**TIME: 12:00-14:00**

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**INSTRUCTIONS TO CANDIDATES**

ATTEMPT QUESTION ONE AND ANY OTHER TWO (Question one carries 30 marks and the rest 20 marks each)

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over

### QUESTION ONE

- a) Distinguish between the following terms:
  - i) Demand and Supply (4 marks)
  - ii) Gross Domestic Product (GDP) and Gross National Product (GNP) (4 marks)
  - iii) Giffen good and Veblen good (4 marks)
  - iv) Microeconomics and Macroeconomics (4 marks)
  - v) Partnership and corporate business units (4 Marks)
- b) Define Specialization and give advantages and disadvantages of specialization (10 marks)

### QUESTION TWO

- a) List determinants of demand (7 marks)
- b) The market for oranges is represented by the following model

$$Q_d = 36 - \frac{1}{3}P$$

$$Q_s = -9 + \frac{1}{2}P$$

Where  $Q_d$  is Quantity demanded,  $Q_s$  is the quantity supplied and  $P$  is the price.

- i) Find the levels of output and price at which the market is at equilibrium? (10 marks)
- ii) Explain what is likely to happen in the market when the price level is at  $P=18$  (3 marks)

### QUESTION THREE

- a) Define factors of production and discuss the four factors of production (10 Marks)
- b) With the aid of a diagram discuss the stages in production (10 marks)

### QUESTION FOUR

- a) Discuss the different approaches of measuring national income (10 marks)
- b) Explain some of the difficulties in measuring National income (10 marks)

### QUESTION FIVE

- a) Describe the properties of money (12 marks)
- b) Explain the function of money (8 marks)