



(University of Choice)

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

SPECIAL/SUPPLEMENTARY

**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: FRIDAY 29/07/2022

TIME: 8:00 -10:00

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 Ove

QUESTION ONE

- a) Describe the functions of commercial banks (10 marks)
- b) Explain the difficulties in measuring national income (10 marks)
- c) Discuss the different economic systems (10 marks)

QUESTION TWO

- a) Explain the meaning, nature and scope of economics (8 marks)
- b) Discuss the distinction between normative and positive economics (4 marks)
- c) Explain the importance of studying economics (8 marks)

QUESTION THREE

- a) Describe the functions of the Central bank of Kenya (10 marks)
- b) Discuss how commercial banks create money (10 marks)

QUESTION FOUR

- a) A single commodity market model is defined by the following equations:

$$Q_d = 25 - \frac{3}{4}P$$

$$Q_s = -8 + \frac{5}{8}P$$

Find the equilibrium Quantity and price (10 marks)

- b) Discuss five determinants of supply (10 marks)

QUESTION FIVE

- a) Describe the different types of business units (10 marks)
- b) Explain the uses of national income figures (10 marks)