8C

(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

MAIN

UNIVERSITY EXAMINATIONS 2023/2024 ACADEMIC YEAR

FIRST YEAR, SECOND SEMESTER EXAMINATIONS

FOR BACHELOR OF NATURAL RESOURCE MANAGEMENT (SNR)

COURSE CODE: ECO 121

COURSE TITLE: BASIC ECONOMICS

DATE: FRIDAY 19th April 2024 **TIME:** 11:30-14:30

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

QUESTION ONE

a) Describe the functions of commercial banks (5 marks)

b) Explain the difficulties in measuring national income (4 marks)

c) Discuss the different economic systems (9 marks)

d) Differentiate between the following terms:

i) Microeconomics and Macroeconomics (4 marks)

ii) Giffen good and Veblen good (4 marks)

iii) Demand and Supply (4 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) 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) 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)