TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Engineering & Technology

DEPARTMENT OF BUILDING & CIVIL ENGINEERING

DIPLOMA IN ARCHITECTURE (DARC 13S – Y1 S2)

BAC 2140: GENERAL ECONOMICS

END OF SEMESTER EXAMINATION
SERIES: APRIL 2014
TIME ALLOWED: 2 HOURS

Instructions to Candidates:
You should have the following for this examination
-   *Answer booklet*
This paper consists of **FIVE** questions.
Answer question **ONE (COMPULSORY)** and any other **TWO** questions
All questions carry equal marks

Maximum marks for each part of a question are as shown
This paper consists of **TWO** printed pages

Question One (COMPULSORY)

a) Using a well labelled diagram, explain the law of demand and supply. **(6 marks)**

b) Explain FOUR factors that leads to abnormal demand for a commodity. **(8 marks)**

c) The demand and supply functions of a commodity are given as:
$$Qd = 54 - p^2 - p$$
$$Qs = 3p + 2p^2 - 18$$

Compute equilibrium price and quantity **(5 marks)**

d) Differentiate between change in quantity demanded and change in demand. **(11 marks)**

Question Two

a) Explain FOUR types of price elasticity of demand. **(10 marks)**

b) Distinguish between Normative Economic Theory and Positive Economic Theory give examples in each. **(10 marks)**

Question Three

a) Explain the occupational and geographical mobility of factors of production. **(10 marks)**

b) State and explain the law of diminishing return and its assumptions. **(10 marks)**

Question Four

a) Explain FOUR causes of inflation and their remedy. **(10 marks)**

b) Explain how you can curb unemployment problem in Kenya. **(5 marks)**

c) Explain FOUR functions of money **(5 marks)**

Question Five

a) Explain THREE ways of measuring National Income. **(10 marks)**

b) With the aid of a diagram, explain perfect market in short run. **(10 marks)**