



TECHNICAL UNIVERSITY OF MOMBASA
**Faculty of Engineering &
Technology**

DEPARTMENT OF BUILDING & CIVIL ENGINEERING
**UNIVERSITY EXAMINATION FOR:
BACHELOR OF SCIENCE IN CIVIL ENGINEERING
(BSCE)**

HRD 2103: 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) Explain the concept of consumer sovereignty in economics and state the limiting factors to it. **(8 marks)**
- b) With the aid of demand and supply curves, explain the fluctuation of prices of agricultural produce with changes in weather. (Drought and wet). **(8 marks)**
- c) (i) Explain the term utility and discuss its application in economics.
- (ii) With the aid of a hypothetical schedule, explain the diminishing marginal utility concept, stating its assumptions and limitations. **(8 marks)**
- d) Outline what constitutes perfect competition, relative to imperfect competition. **(6 marks)**

Question Two

- a) Use demand and supply curves to illustrate the effect of improved technology on the market price of a product. **(8 marks)**
- b) Use demand and supply curves to show the effect of:
- (i) 6.67% tax levied on cypress timber which is currently retailing at kshs 75,000 per m³
 - (ii) Rent control – to a ceiling of kshs 25,000 for three bedroom apartments

Question Three

- a) Discuss the significance of international trade to our nation. **(6 marks)**
- b) Explain the terms absolute and comparative advantage as applied to international trade. **(6 marks)**
- c) Analyse factors which contribute to balance of trade deficit, and outline measures to curtail the deficit. **(8 marks)**

Question Four

- a) Outline THREE main types of inflation. **(6 marks)**
- b) With the aid of demand and supply curves, explain the causes of:
- (i) Demand pull inflation
 - (ii) Cost push inflation
- (8 marks)**
- c) Discuss appropriate measures to curb inflation. **(6 marks)**

Question Five

- a) Explain with the aid of demand and supply curves the cobweb theorem. **(6 marks)**
- b) Explain the terms isocosts and isoquants. **(6 marks)**
- c) Discuss with the aid of demand and supply curves, the effects of introducing:
- (i) Minimum
 - (ii) Maximum cost controls
- (8 marks)**