THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of Jkuat)

Faculty of Engineering and Technology

DEPARTMENT OF BUILDING AND CIVIL ENGINEERING

**DIPLOMA IN BUILDING & CIVIL ENGINEERING
DIPLOMA IN CIVIL ENGINEERING
CERTIFICATE IN CONSTRUCTION TECHNICIAN II**

HRD 1102 : GENERAL ECONOMICS

END OF SEMESTER EXAMINATION

SERIES: AUGUST/SEPTEMBER 2011

TIME: 3 HOURS

Instructions to Candidates:
You should have the following for this examination
- *Answer booklet*

This paper consists of **FIVE** questions in **TWO** sections **A** & **B**
Answer question **ONE (COMPULSORY)** and any other **TWO** sections from section **B**
Maximum marks for each part of a question is as shown
This paper consists of **THREE** printed pages

SECTION A (COMPULSORY)

Question 1 (30 marks**)**

a) Define the following terms:

    (i)   Utility
    (ii)   Goods
    (iii)   Opportunity cost
    (iv)   Choice
    (v)   Scarcity   (10 marks)

b) Distinguish between change in quantity supplied and change in supply by using illustration
                                      (10 marks)

c) (i) Define production   (2 marks)

    (ii) Explain the **FOUR** factors of production   (8 marks)

SECTION B (Attempt any TWO questions**)**

Question 2 (20 marks**)**

No of bottles	Total Utility	Marginal Utility
0	0	
1	10	
2	18	
3	24	
4	28	
5	30	
6	30	
7	28	

a) (i)   Given the data above, calculate the marginal utility   (4 marks)

    (ii) From observations in 2 a) above, explain the law of diminishing marginal utility. Use
        illustrations   (8 marks)

b) (i)   Define human wants   (2 marks)

    (ii) Identify **FOUR** characteristics of human wants   (6 marks)

Question 3 (20 marks**)**

a) (i)   Define elasticity   (2 marks)

    (ii) Suppose the price of sugar changed from sh 80 to sh 100 per kg and the quantity supplied
        changed from 12000 bags to 15000 bags, Calculate the elasticity   (4 marks)

    (iii) Interpret the results   (2 marks)

(iv)   State the type of elasticity (2 marks)

b) Explain **FIVE** conditions of perfect competition market structure (10 marks)

Question 4 (20 marks**)**

a) (i)   Explain the free market system (2 marks)

    (ii) Outline its demerits as a market system (8 marks)

b) Explain the exceptions to the law of demand (10 marks)

Question 5 (20 marks**)**

a) (i) Define specialization (2 marks)

    (ii) State its advantages (6 marks)

b) (i) Using a well labeled diagram, explain price mechanism (6 marks)

$$Q = -10 + \tfrac{1}{4}P$$

$$Q = 35 - \tfrac{1}{2}P$$

(ii)
With reasons:

Determine the demand and supply function (2 marks)

Calculate the equilibrium price and quantity (4 marks)