



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 4103: GENERAL ECONOMICS

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: OCTOBER 2011

TIME: 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

Maximum marks for each part of a question are as shown

This paper consists of **THREE** printed pages

SECTION A (COMPULSORY)

Question 1

- a) Discuss the scope of economics in the light of the following aspects:-
- (i) Law of scarcity
 - (ii) Needs and wants
 - (iii) Production and production factors
 - (iv) Fiscal and monetary policies
 - (v) Other things equal (15 marks)
- b) Outline the limitations of consumer sovereignty (7 marks)
- c) With the aid of suitable diagrams, explain the equilibrium price and state how the market price is arrived at. (8 marks)

SECTION B (Answer any TWO questions from this section)

Question 2

- a) Using Demand and Supply diagrams, explain the seasonal fluctuations of prices of agricultural products. (wet and dry seasons) (10 marks)
- b) Outline the main forms and explain the factors which define elasticity of supply (10 marks)

Question 3

- a) With the aid of Demand and Supply graphs explain the main causes of inflation and discuss means of controlling it. (10 marks)
- b) Discuss the significance of international trade and outline measures to limit the trade to the advantage of a particular nation (10 marks)

Question 4

- a) Outline the functions of the Central Bank (10 marks)
- b) State the essential conditions for perfect competition and distinguish this with monopolistic competition (10 marks)

Question 5

- a) With suitable illustrations, explain the concept of diminishing marginal utility, stating its limitations and conditions for the law to hold (5 marks)

b) Explain, with the aid of Demand and Supply curves the effect of:

- (i) Improved production technology in the construction industry (5 marks)
- (ii) Limiting the number of architects entering in the construction industry through stringent entry requirement in colleges, and registration.
- (iii) Restricting apartment rents to Kshs. 12,000 per month.