THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

Faculty of Engineering & Technology

DEPARTMENT OF CIVIL AND BUILDING ENGINEERING

DBC 10,

CA 10

SEMESTER EXAMINATIONS

MAY 2010 SERIES

GENERAL ECONOMICS

TIME: 2 HOURS

Instructions to Candidates

You should have the following for this examination:
- Answer booklet
- Calculator

This paper consists of **FIVE** Questions.
Question **ONE** is **COMPULSORY.**
Maximum marks to each part of a question are all shown.

Question ONE (30 Marks)

(a).   Define the following terms:

     (i).   Scarcity
     (ii).   Choice
     (iii). Opportunity cost
     (iv). Human wants
     (v).   Economics
     (vi). Production   **(12 Marks)**

(b).   Distinguish the following terms:

     (i).   Producer and consumer goods   **(4 Marks)**

     (ii).   Normative and positive economics   **(4 Marks)**

(c). $Qs = -10 + 6p$
        $Qd = 20 - 4p$

     (i)   Calculate the equilibrium price and quantity.   **(4 Marks)**

     (ii)   Using illustration, explain changes in demand curve due
            to an increased income of individuals, supply remaining
            constant.   **(4 Marks)**

Question TWO

(a).   (i).   With the aid of a diagram, explain price mechanism. **(4 Marks)**

     (ii).   State and explain other methods of determining price of
            a commodity.   **(8 Marks)**

(b).   Discuss the free market economic system.   **(10 Marks)**

Question THREE

(a).   Explain the scope of Economics.   **(10 Marks)**

(b).   Outline the exceptions to be law of demand.   **(10 Marks)**

Question FOUR

(a).   Explain the law of diminishing returns, stating its key assumptions.
(10 Marks)

(b).   Explain **FIVE** factors of elasticity of supply.   **(10 Marks)**

Question FIVE

(a).   (i).   Outline the major categories of human wants giving
necessary examples.   **(4 Marks)**

(iii)   State characteristics of human wants.   **(6 Marks)**

(b).   Discuss marginal utility theory stating its limitations.   **(10 Marks)**