



TECHNICAL UNIVERSITY OF MOMBASA
School of Business

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF SCIENCE IN MARINE RESOURCE MANAGEMENT

BAC 4232: GENERAL ECONOMICS

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: JUNE/JULY 2015

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

Discuss the following fundamental economic concepts:

- a) Scarcity and choice **(5 marks)**
- b) Opportunity cost **(5 marks)**
- c) Production possibility frontier **(5 marks)**
- d) Positive and normative economics. **(5 marks)**
- e) In discussing scope of economics what question does the scope of economics answer. **(10 marks)**

QUESTION 2

- a) Clearly explain the distinction between supply demand, and equilibrium price. **(8 marks)**
- b) State and briefly explain any **FOUR** main factors that may cause a fall in the supply of a good in the market. **(4 marks)**
- c) The table below shows the demand and supply schedule for a product:

Price (sh per Kg.)	Demand (Kg)	Supply (Kg)
10	100	20
20	85	36
30	70	53
40	55	70
50	40	87
60	25	103
70	10	120

Required:

Plot the demand and supply curves and determine the equilibrium and quantity. **(8 marks)**

QUESTION 3

- a) Distinguish between own price elasticity of demand and cross elasticity of demand. **(10 marks)**
- b) Briefly discuss the factors which affect the own price elasticity of demand. **(4 marks)**
- c) Discuss the usefulness of these parameters in management and economic policy decision making. **(6 marks)**

QUESTION 4

- a) Define the term Carbon Trading and the rationale of engaging in carbon trading. **(10 marks)**
- b) Explain the benefits of carbon trading to the economy. **(10 marks)**

QUESTION 5

- a) Discuss how the global economy interdependence has implications on natural resources management on natural resources producing countries. **(10 marks)**
- b) Discuss the concept of PARETO efficiency and explain how it affects the economics of environment. **(10 marks)**