



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS
DEPARTMENT OF MANAGEMENT SCIENCE
UNIVERSITY EXAMINATION FOR:
BJMC/BBJ & BSMM
BEC4101: PRINCIPLES OF ECONOMICS
END OF SEMESTER EXAMINATION
SERIES: APRIL, 2022
TIME: 2 HOURS
DATE: Pick Date Apr 2022

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

QUESTION ONE

- (a) Explain the effects of the following on demand for bus services.
- (i) Rise in fuel prices
 - (ii) Decrease in passenger's income.
 - (iii) Rise in the price of train tickets.
 - (iv) Government policy (introduction of curfew policy) **(8 Mks)**
- (b) The annual price of cinema tickets sold in 2010 was Kshs.3.5, whereas the number of popcorn sold at cinema halls was 100,000. The ticket price increased from Ksh.3.5 in 2010 to Ksh.6 in 2015. There was a decrease in the sale of popcorn to 80,000 units.
- (i) Calculate cross price elasticity of demand **(4 Mks)**
 - (ii) What types of goods are illustrated above? **(2 Mks)**
- (c) State **four** features of monopolistic competition form of a market structure. **(4 Mks)**
- (d) Explain **three** assumptions of the law of diminishing marginal utility. **(6 Mks)**
- (e) Examine **three** reasons for measuring national income in any country. **(6 Mks)**

QUESTION TWO

- (a) Discuss the **three** distinctive motives for holding money by an individual. **(9 Mks)**

- (b) Using graphs, examine **three** factors that may reduce the demand for a commodity hence causing leftward shifts of demand curves. (11Mks)

QUESTION THREE

- (a) Discuss **four** factors that may affect the supply for maize in Kenya. (10 Mks)
(b) Explain **four** problems encountered in measuring national income. (10 Mks)

QUESTION FOUR

- (a) Describe **four** characteristics/features of indifference curves. (10 Mks)
(b) Suppose Russia and Ukrain go into war, examine **four** economic effects that may be experienced between the two countries. (10Mks)

QUESTION FIVE

- (a) Specialization is the concentration of activities in those lines of production where a firm has some natural or acquired advantage. Discuss **four** advantages of specialization. (10 Mks)
(a) Discuss any **four** economic effects of COVID-19 to a developing country like Kenya. (10 Mks)