# TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF ENGINEERING AND TECHNOLOGY

DEPARTMENT OF ARCHITECTURE & BUILT ENVIRONMENT

**UNIVERSITY EXAMINATION FOR:**

DIPLOMA IN QUANTITY SURVEYING

**EQS 2102**: **GENERAL ECONOMICS I**

SPECIAL/SUPPLEMENTARY EXAMINATION

YEAR ONE, SEMESTER TWO

SERIES: JULY 2025

**TIME:** 2 HOURS

**DATE:** JULY, 2025

**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 (Compulsory) (30 marks)**

(a) Explain TWO main branches of economics. (4 marks)

(b) State THREE assumptions of the production function in the theory of production by firms. (3 marks)

(c) Production in the long-run period happens when firms proportionately vary the factors of production and observe relative changes in production. This produces changes in the scale of the firm. Explain:

i. Decreasing returns to scale (2 marks)

ii. Constant returns to scale (2 marks)

ii. Increasing returns to scale (2 marks)

(d) Highlight the law of supply. (3 marks)

(d) Illustrate the law of supply using a curve. (4 marks)

(e) Explain FIVE factors that cause shifts in the supply curve. (10 marks)

**QUESTION TWO (15 marks)**

(a) Explain briefly the following concepts.

i. Utility (2 marks)

ii. Indifference curve (2 marks)

iii. Law of diminishing marginal utility (2 marks)

iv. Consumer preference (2 marks)

v. Marginal rate of substitution (2 marks)

(b) Using demand curves, explain the impact of a change in an individual's disposable income on the demand for goods and services. (5 marks)

**QUESTION THREE (15 marks)**

(a) Explain FIVE roles government intervention in market economies. (10 marks)

(b) Highlight FIVE features of a monopolistic market structure. (5 marks)

## QUESTION FOUR (15 marks)

(a) Explain the following terms as used in economics:

i. Product market (2 marks)

ii. Factor/Input market (2 marks)

(b) Using a circular flow diagram, explain the flow of income in an economy with two economic actors, that is, Households and Firms. (11 marks)

## QUESTION FIVE (15 marks)

(a) Explain THREE reasons for the downward sloping shape of the demand curve. (9 marks)

(b) A monopoly firm operates as a single seller of a product to many buyers who don't have options. Explain THREE source of monopoly power. (6 marks)