TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF ENGINEERING AND TECHNOLOGY

DEPARTMENT OF ARCHITECTURE & BUILT ENVIRONMENT

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN QUANTITY SURVEYING

EQS 2108: GENERAL ECONOMICS I

END-OF-SEMESTER EXAMINATION

YEAR 1 SEMESTER 2

SERIES: DEC 2024

TIME: 2 HOURS

DATE: DEC 2024

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) Define the term “economics.” (2 marks)

b) List and explain TWO main branches of economics. (4 marks)

c) Firms produce goods and services by combining inputs called factors of production. Explain the FOUR factors of production. (8 marks)

d) Explain the following terms as they relate to the nature and allocation of economic resources:

   i. Scarcity (2 marks)

   ii. Choice (2 marks)

   iii. Opportunity cost (2 marks)

   iv. Marginal utility (2 marks)

e) Describe the “Law of variable proportions.” (4 marks)

f) Distinguish between “Substitute goods” and “Complimentary goods.” (4 marks)

QUESTION TWO (15 marks)

The following data shows the quantities of good Y demanded at various prices.

Price (KES)	No. of units demanded
50	10,000
40	20,000
30	30,000
20	50,000
10	80,000

a) Plot the demand curve. (3 marks)

b) Explain how a change in price affects the number of units demanded. (2 marks)

c) Explain FIVE factors that may cause the demand curve to shift to the right or left. (10 marks)

QUESTION THREE (15 marks)

a) Using a simple cure for illustration, describe the “Law of Supply.” (5 marks)

b) Explain FIVE factors that may cause a shift in the supply curve. (10 marks)

QUESTION FOUR (15 marks)

The following data shows a firm's production of physical goods in the short-run economic period. Study it well and answer the questions that follow:

Units of Labour (Input)	Total Product (Output)	Marginal Product
0	0	
1	5	
2	15	
3	20	
4	22	
5	22	
6	18	

a) Calculate the "Marginal Product" values. (3 marks)

b) State THREE assumptions of the production function. (3 marks)

c) Plot the "Marginal Product" and "Total Product" curves on a cartesian plane. (5 marks)

d) Based on the results of the curves plotted in 4(c) above, describe the law of diminishing returns. (4 marks)

QUESTION FIVE **(15 marks)**

a) Explain FIVE major benefits of government intervention in a Market Economy. (10 marks)

b) Highlight FIVE characteristics of a Perfect Competition Market. (5 marks)