



# THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

((A Constituent College of JKUAT)

(A Centre of Excellence)

## Faculty of Engineering & Technology

DEPARTMENT OF BUILDING & CIVIL ENGINEERING

UNIVERSITY EXAMINATION FOR DEGREE IN BACHELOR OF SC/ENG. IN  
BUILDING & CIVIL ENGINEERING

EBC 2103: GENERAL ECONOMICS I

END OF SEMESTER EXAMINATION

SERIES: AUGUST 2012

TIME: 2 HOURS

### **Instructions to Candidates:**

You should have the following for this examination

- *Answer Booklet*

This paper consists of **FIVE** questions.

Answer question **ONE (COMPULSORY)** and any other **TWO** questions

Maximum marks for each part of a question are as shown

This paper consists of **TWO** printed pages

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### **Question One (Compulsory - 30 Marks)**

- a) Briefly explain the “Quantities Theory” that applies to the supply of money in the market. **(8 marks)**
- b) (i) Explain the term “Balance of Payments” based on monetary terms.  
(ii) Outline the impact caused by balance of payment to the economy for an upcoming organization in the construction industry. **(10 marks)**
- c) Explain the **FIVE** main causes of cost push inflation with the aid of demand and supply curves from a typical trade statistical data. **(12 marks)**
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**Question Two (20 marks)**

- a) Describe a market structure of a free market economy. **(8 marks)**
- b) Discuss the **THREE** main theories of unemployment. **(12 marks)**

**Question Three (20 marks)**

- a) Outline **THREE** main features of production in a business undertaking. **(8 marks)**
- b) Outline the main roles for the following production factors stating the significance for each.
- i) Labour
  - ii) Capital
  - iii) Land
- (12 marks)**

**Question Four (20 marks)**

- a) State the conditions of a perfect market for an upcoming economy. **(6 marks)**
- b) Outline **THREE** main functions of money as a factor of production. **(6 marks)**
- c) With the aid of a graphical illustration, explain the impact of tariffs on international trade of a young economy. **(8 marks)**

**Question Five (20 marks)**

With the aid of typical demand and supply curves, explain the following:

- a) Imposition of price control on petroleum products of a nation. **(6 marks)**
- b) The effect of 20% increase in tax on rental houses in an urban centre. **(8 marks)**
- c) Technological advancement resulting in ten fold increase in manufacture of doors and other timber products. **(6 marks)**