



TECHNICAL UNIVERSITY OF MOMBASA
**Faculty of Engineering &
Technology**

DEPARTMENT OF BUILDING & CIVIL ENGINEERING
**UNIVERSITY EXAMINATION FOR:
BACHELOR OF SCIENCE IN CIVIL ENGINEERING
(BSCE)**

HRD 2103: GENERAL ECONOMICS

**END OF SEMESTER EXAMINATION
SERIES: AUGUST 2014
TIME ALLOWED: 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

Question One (COMPULSORY)

a) Explain the following terms as applied in economics:

- (i) Giffen goods
- (ii) Inferior goods
- (iii) Normal goods and;
- (iv) Goods of ostentation

(8 marks)

b) Draw with the aid of hypothetical schedules based on the price of coarse aggregates (ksh 1,800/per tonne) the demand and supply curves and state the general factors that influence these curves.

(10 marks)

c) Discuss using the demand and supply curves how the commodity price is determined by the market mechanism.

(6 marks)

d) Explain the following economic concepts:

- (i) Indifference curves
- (ii) Consumer sovereignty

(6 marks)

Question Two

Use supply and demand curves to explain:

- a) The incidence of 7.2% increase in taxation of cypress timber, currently retailing at ksh 69450.
- b) The effect of imposing statutory minimum and maximum price controls. **(20 marks)p**

Question Three

- a) Outline the evolution of money from the barter trade to the current use of credit plastic cards, stating the impediments encountered in each stage **(6 marks)**
- b) Discuss any TWO of the following theories of money:
 - (i) Quantity theory of money
 - (ii) The Keynesian theory of money
 - (iii) Friedman's theory of demand of money **(8 marks)**
- c) Outline the functions of commercial banks and explain the concept of credit creation. **(6 marks)**

Question Four

- a) Discuss the merits and demerits of Labour Specialization. **(6 marks)**
- b) Use hypothetical figures to tabulate, the cost analysis of a firm. From the chart, draw the average variable costs, the average total costs and marginal costs line and show where they intersect. **(14 marks)**

Question Five

- a) Discuss the causes and effects of unemployment. **(8 marks)**
- b) (i) Discuss the merits and demerits of international trade .
(ii) Use demand and supply curves to explain the effect of tariffs. **(12 marks)**