THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of Jkuat)

Faculty of Engineering and Technology

DEPARTMENT OF BUILDING AND CIVIL ENGINEERING

**DIPLOMA IN BUILDING & CIVIL ENGINEERING
DIPLOMA IN CIVIL ENGINEERING
CERTIFICATE IN CONSTRUCTION TECHNICIAN II**

HRD 2102 : GENERAL ECONOMICS

END OF SEMESTER EXAMINATION

SERIES: AUGUST/SEPTEMBER 2011

TIME: 3 HOURS

Instructions to Candidates:
You should have the following for this examination
- *Answer booklet*

This paper consists of **FIVE** questions in **TWO** sections **A** & **B**
Answer question **ONE (COMPULSORY)** and any other **TWO** sections from section **B**
Maximum marks for each part of a question is as shown
This paper consists of **THREE** printed pages

SECTION A (COMPULSORY)

Question 1 (30 marks**)**

a) Distinguish between the following terms:

    (i)   Normative and positive economics
    (ii)   Specialization and division of labour   (4 marks)

b) (i) Using a well labeled diagram, explain price mechanism   (6 marks)

    (ii) Explain any other **FOUR** methods that can be used to determine the price of a commodity
                            (6 marks)

c) (i)   Define indifference curve   (2 marks)

    (ii) State and explain characteristics of the indifference curve   (8 marks)

d) Highlight the importance of studying economics   (4 marks)

SECTION B (Attempt any TWO questions**)**

Question 2 (20 marks**)**
a) **Land**   **Labour**   **Total Product**   **Marginal Product**   **Average Product**

Land	Labour	Total Product	Marginal Product	Average Product
6	0	0		
6	1	10		
6	2	24		
6	3	42		
6	4	52		
6	5	60		
6	6	66		
6	7	70		
6	8	72		
6	9	72		
6	10	70		

(i)   Given the above data, calculate the marginal product and average product for all units of labour   (10 marks)
(ii)   Explain the law of diminishing returns using the observation in part 2(i) above   (5 marks)

b) Define human wants and identify **FOUR** characteristics of human wants   (5 marks)

Question 3 (20 marks**)**

a) If a change in price of ink from sh.30 to sh. 50 led to a change in amount of pens demanded from 6000 to 3000 pieces.

    (i)   Calculate the elasticity of demand   (4 marks)

    (ii)   Interpret the data, stating the type of elasticity   (2 marks)

    (iii)   State the relationship between the two goods   (2 marks)

b) (i) State and explain joint and competitive types of supply   (4 marks)

    (ii) Enumerate the importance of elasticity of demand   (8 marks)

Question 4 (*20 marks***)**

a) (i) State the **THREE** economic systems   (6 marks)

    (ii) Outline the advantages to a country when resources are controlled and owned by the state   (10 marks)

b) Explain the exceptions to the law of demand   (4 marks)

Question 5 (*20 marks***)**

a) (i) Define a monopoly type of market structure   (2 marks)

    (ii) State the features of monopoly   (5 marks)

b) (i) Explain the **FOUR** factors of production   (8 marks)

    (ii) Describe factors that hinder the mobility of labourers   (5 marks)