THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of JKUAT)
Faculty of Engineering and Technology

DEPARTMENT OF BUILDING AND CIVIL ENGINEERING

DIPLOMA IN ARCHITECTURE
DIPLOMA IN BUILDING & CIVIL ENGINEERING

BAC 2140: GENERAL ECONOMICS

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: MAY/JUNE 2012
TIME: 2 HOURS

Instructions to Candidates:
You should have the following for this examination

- *Answer Booklet*
- *Scientific calculator*

This paper consists of **FIVE** questions
Answer question **ONE** and any other **TWO** questions
Maximum marks for each part of a question are clearly shown
This paper consists of **TWO** printed pages

Question 1 (Compulsory – 20 marks)

a) Discuss **FOUR** main methods that can be used to solve the problem of unemployment (8 marks)

b) Discuss the scope of economics in the light of the following:
   i) Choice
   ii) Needs and wants
   iii) Scarcity
   iv) Production and production factors (12 marks)

Question 2 (20 marks)

a) Outline the functions of a central bank (10 marks)

b) Outline **FIVE** causes of monopolistic powers of firms in an economy (10 marks)

Question 3 (20 marks)

a) Explain the following terms as applied to general economics:
   i) Isocost
   ii) Isoquant (8 marks)

b) Discuss **FOUR** factors that determine the elasticity of demand (12 marks)

Question 4 (20 marks)

a) Outline the following:
   i) Significance of international trade
   ii) Limitation measures that can be applied to a nation to the advantage of the nation (10 marks)

b) With the aid of a sketch explain the meaning of the term "**opportunity cost"** (10 marks)

Question 5 (20 marks)

a) Outline **SIX** approaches that can be applied to measure national income (14 marks)

b) Given the demand function as;

$$Q = 100 - 2P + \frac{100}{P}$$

where P = 10 and Q = 90;

Calculate the point elasticity of demand using the formula;

$$Ed = \frac{dQ}{dp} \times \frac{P}{Q}$$

(6 marks)