



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

FOR BACHELOR

IN

PURCHASING AND SUPPLIES MANAGEMENT.

COURSE CODE: HRD 2103

COURSE TITLE: GENERAL ECONOMICS.

TIME: 2 HOURS.

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer ANY OTHER TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE

- a) Define the following economic terms.
- i. Scarcity (2 marks.)
 - ii. Wants (2 marks.)
 - iii. Choice (2 marks.)
 - iv. Utility (2 marks.)
 - v. Opportunity cost. (2 marks.)
- b) The law of supply applies when other things remain constant; these other things are the assumptions. Explain FIVE Assumptions.
- c) It is important to study economics due to several reasons explain at least FIVE reasons. (10 marks.)

QUESTION TWO

- a) Consumer sovereignty is the idea that the consumer is the best judge of his or her own welfare, it is limited by several factors. Explain AT LEAST FIVE factors. (10 marks.)
- b) What are human wants? And discuss the two human wants classification with their subdivisions. (10 marks.)

QUESTION THREE

- a) Explain each one of the following market structures.
- i. Oligopoly (2 marks.)
 - ii. Monopoly (2 marks.)
 - iii. Monopolistic competition (2 marks.)
 - iv. Duopoly (2 marks.)
- b) Various types of inflations are related to the rate of rise in prices of commodities. Discuss the types of inflation. (8 marks.)
- c) State FOUR advantages of a commercial bank (4 marks.)

QUESTION FOUR

- a) Explain FIVE canons of Public Expenditure. (10 marks.)
- b) When demand changes due to change in price its called extension or contraction of demand. Discuss FIVE factors which can bring change in demand. (10 marks.)

