



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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UNIVERSITY EXAMINATIONS 2024/2025

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS
ADMINISTRATION

BFE 1306: INTERMEDIATE ECONOMICS

DATE: DECEMBER 2024

TIME: 1 ½ HOURS

INSTRUCTIONS: *Answer Question ONE (compulsory) and any other TWO Questions.*

QUESTION ONE - (30 MARKS)

- a) Distinguish between macroeconomics and microeconomics. (6 Marks)
- b) Distinguish between economic growth and economic development. (8 Marks)
- c) Discuss the factors affecting the demand of a commodity in the market. (10 Marks)
- d) Discuss the motives of holding money. (6 Marks)

QUESTION TWO - (20 MARKS)

- a) Discuss the causes of inflation. (8 Marks)
- b) Outline the characteristics of indifference curve. (6 Marks)
- c) Discuss the solutions to negative externality. (6 Marks)

QUESTION THREE - (20 MARKS)

- a) Distinguish between cardinal approach and ordinal approach to consumer behaviour. (9 Marks)
- b) Outline the characteristics of indifference curve. (6 Marks)

- c) Briefly illustrate the production possibility frontier. (5 Marks)

QUESTION FOUR (20 MARKS)

- a) Outline the factors of production and their rewards. (8 Marks)
b) Discuss the factors that affect the supply of a product. (12 Marks)

QUESTION FIVE – (20 MARKS)

- a) Discuss the factor affecting the levels of unemployment in a developing country like Kenya. (10 Marks)
b) Discuss the importance of international trade. (10 Marks)