



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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UNIVERSITY EXAMINATIONS 2024/2025

FIRSTYEAR, FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL EDUCATION AND EXTENSION/ BACHELOR OF SCIENCE IN AGRICULTURE/ BACHELOR OF SCIENCE IN HORTICULTURE/ BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT/BACHELOR OF SCIENCE IN ANIMAL HEALTH PRODUCTION /BACHELOR OF SCIENCE IN FINANCE

AND

SECOND YEAR, FIRST SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE IN MATHEMATICS AND COMPUTER SCIENCE/ BACHELOR OF SCIENCE IN MATHEMATICS AND BACHELOR OF SCIENCE IN AGRICULTURE/ BACHELOR OF SCIENCE IN INFORMATION TECHNOLOGY

BEC 3100/CCS 3355/SEG 3111: INTRODUCTION TO ECONOMICS

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS: *Answer Question ONE and any other THREE Questions.*

QUESTION ONE – (30 MARKS)

- a) State the uses of national income accounting. (6 Marks)
- b) Differentiate between microeconomics and macroeconomics. (4 Marks)
- c) Explain the functions of money in the economy. (6 Marks)
- d) Explain the following concepts as used in economics.
 - i) Gross Domestic Product and Gross National Product. (2 Marks)
 - ii) Deductive and inductive analysis. (2 Marks)

- iii) Inflation and unemployment (2 Marks)
- iv) Leakages and injection (2 Marks)
- e. Why would a demand curve slope upwards? (6 Marks)

QUESTION TWO – (20 MARKS)

- a) Discuss the challenges in using per capita income to measure the standard of living in different countries. (10 Marks)
- b) Explain the three stages of production using an illustration. (10 Marks)

QUESTION THREE – (20 MARKS)

- a) Central bank is the apex bank in Kenya’s economy. Explain the functions in the economy. (10 Marks)
- b) Suppose the following demand and supply function are given: (6 Marks)

$$Q^d = 100 - 20P \qquad Q^s = -5 + 15P$$
 Find the equilibrium price and quantity.
- c) Explain the factors that determine the size of national income. (4 Marks)

QUESTION FOUR - (20 MARKS)

- a) Calculate arc elasticity of demand give that: (8 Marks)

$$Qd = 24 - p^2 \text{ where } p1 = 2 \quad p2 = 3$$
- b) Discuss the sources of monopoly power that helps it operate effectively in the market. (8 Marks)
- c) Using a diagram explain the exceptions of the demand curve. (4 Marks)

QUESTION FIVE – (20 MARKS)

- a) Explain the causes of inflation under demand pull and cost push inflation. (10 Marks)
- b) Discuss features of monopolistic competition. (5 Marks)
- c) Discuss the relevance of macroeconomics in the country. (5 Marks)