



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN
CONSTRUCTION MANAGEMENT
2ND YEAR 1ST SEMESTER 2018/2019 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: BBM 3211

COURSE TITLE: ELEMENTS OF ECONOMICS

EXAM VENUE:

DATE: DECEMBER, 2018

EXAM SESSION:

TIME: 2 HOURS

INSTRUCTIONS:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

- i. Explain with the help of a diagram the following
 - a. Decrease and increase in demand
 - b. Types of elasticity of supply
 - c. Movement along the demand curve
 - d. Movement along the supply curve 20 Marks
- ii. Asses the factors affecting the supply of commodities 10 Marks

QUESTION TWO

- i. The following data relates to national income statistics of a certain country
 $Y = C + I + G$ Where $Y =$ National Income, $I =$ Investment , $G =$ Government Spending
 $C = a + by$, $I = I$, $G = G$
 - a. Derive the national income equation 2 Marks
 - b. If $a = 300$, $b = 0.75y$, $I = 500$, $G = 450$, calculate the national income equilibrium 2 Marks
- iii. Explain the importance and the difficulties in measuring the National income 10Marks
- iv. Explain the Keynesian theory of the demand for money citing relevant examples 8 Marks

QUESTION THREE

- i. Explain with the help of a diagram the price and output of a firm operating under perfect competition in both short and long run 10 Marks
- ii. Explain the policy measures to correct the balance of payment disequilibrium in most developing economy 10 Marks

QUESTION FOUR

- i. Following a change in increase of consumers income from Ksh 800 to Ksh 700 per month, the quantity demanded for a good decreased from 120 to 100 units. In the same market there has been an increase of the price of coffee from 15 to 20 Ksh per cup prompting the increase of the quantity demanded of Tea to 30 to 40 cups per day. Calculate the income and the cross elasticity of demand 4 Marks
- ii. Explain the mechanism and the reasons for the Central Banks supervision of the Commercial banks 10 Marks
- iii. Explain the reasons why there has been an increase of public expenditure in Kenya for the last FIVE years 10 Marks

QUESTION FIVE

- i. Explain with the help of a diagram the law of variable proportions 10 Marks
- ii. Explain the major sources of Government revenue 10 Marks

