



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS  
2022/2023 ACADEMIC YEAR  
FIRSTYEAR FIRSTSEMESTER**

**SCHOOL OF BUSINESS & ECONOMICS  
BA. PUBLIC RELATIONS & BA. JOURNALISM**

**COURSE CODE: ECO 1110-1**

**COURSE TITLE: PRINCIPLES OF ECONOMICS**

**DATE: 14<sup>TH</sup> DECEMBER, 2022**

**TIME: 1430-1630**

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## **INSTRUCTIONS TO CANDIDATES**

1. Answer Question **ONE** and any other **TWO** questions

*This paper consists of **two** printed pages. Please turn over.*

### **QUESTION ONE**

- a) Explain the hindrances encountered in estimating national income values of a developing country. **(6 Marks)**
- b) Evaluate three tools of monetary policy that can be used to control and regulate money supply in a country. **(6 Marks)**
- c) Differentiate between microeconomics and macroeconomics. **(2 Marks)**
- d) By use of diagrams, illustrate and explain the resultant changes on the equilibrium price and quantity from a simultaneous fall in price of a substitute and an increase in the cost of raw materials for a specific commodity. **(6 Marks)**

### **QUESTION TWO**

- a) Using suitable graphs, explain the three stages of variable proportions that would be experienced in production process in the short run. **(6 Marks)**
- b) Discuss the role of budgetary management in economic development. **(5 Marks)**
- c) Explain four sources of monopoly power to a firm. **(4 Marks)**

### **QUESTION THREE**

- a) Suggest four possible measures that a country can adopt and implement to reduce unemployment. **(6 Marks)**
- b) Explain the main characteristics of indifference curves. **(6 marks)**
- c) State the Law of diminishing returns. **(3 Marks)**

### **QUESTION FOUR**

- a) Discuss three objectives of fiscal policy in a country. **(6 Marks)**
- b) With an aid of a diagram, distinguish between price floors and price ceilings. **(4 Marks)**
- c) Describe five features of a free market economy. **(5 Marks)**

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