



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR
BA. PUBLIC RELATIONS & BA. JOURNALISM
FIRST YEAR FIRST SEMESTER
END OF SEMESTER EXAMINATION**

COURSE CODE: ECO 1110

COURSE TITLE: PRINCIPLES OF ECONOMICS

DATE: 3RD JUNE, 2021

TIME: 1100 – 1300HRS

INSTRUCTIONS TO CANDIDATES

- Question **ONE** is compulsory
- Answer any other **TWO** Questions

This paper consists of 3 printed pages. Please turn over.

Question One

a. Given the following information:

- Labor force - 206.2 million
- Adults in the military - 1.5 million
- Non-adult population - 48.0 million
- Employed adults - 196.2 million
- Institutionalized adults - 3.5 million
- Non-military, non-institutionalized adults not in labor force - 40.8 million

Find,

i. The total population.

(2 Marks)

ii. How many people are unemployed?

(2 Marks)

b. Show that the condition for constrained utility maximization is satisfied when the individual's budget line is tangent to indifference curve.

(6 Marks)

c. Unemployment is a killer disease, responsible for tooth decay, woman battering and fidelity. Discuss

(4 Marks)

d. Jennifer's budget line has intercepts on the X – axis at 20 and on the Y – axis at 30. I If price of good Y is Ksh.10, what is;

- i. Jennifer's income?
- ii. the Price of good X
- iii. What is the slope of the budget line

(6 Marks)

Question Two

Write short notes on the following forms of market structure:

- i. Perfectly Competitive Market;
- ii. Oligopoly;
- iii. Monopoly.

(15 Marks)

Question Three

- a. State the concept of equi-marginal utility.

(1 Mark)

- b. Highlight the practical importance of the knowledge of price elasticity of demand.

(5 Marks)

- c. State and explain the various tools available to trade unions in bargaining for higher wages.

(9 Marks)

Question Four

- a. Discuss any three wage determination theories.

(6 Marks)

- b. In what ways is Adam Smith' definition of economics different from that of Samuel Robbins.

(3 Marks)

- c. 'National income figures are irrelevant'. Discuss.

(6 Marks)

//END