



# **GRETSA UNIVERSITY - THIKA**

## **UNIVERSITY EXAMINATIONS MAY - AUGUST 2023 SEMESTER**

### **CERTIFICATE IN BUSINESS MANAGEMENT**

**COURSE CODE: CIBM 002**

**COURSE TITLE: ESSENTIALS OF ECONOMICS**

**DATE: 3 AUGUST 2023**

**TIME: 8:00 AM - 11:00 AM**

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#### **INSTRUCTIONS TO CANDIDATES**

- 1. SECTION A IS COMPULSORY.**
- 2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.**
- 3. DO NOT WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.**
- 4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.**

**CAUTION:** *All exam rooms are under CCTV surveillance during the examination period.*

## **SECTION A: COMPULSORY**

### **Question One**

- a) Opportunity, cost, scarcity and choice are the four major agents of economics. Explain how these choices affect the day to day lives of individuals while making economic decisions. **[10 Marks]**
- b) Before fulfilling the secondary needs, the economy must first meet the primary needs. Discuss. **[10 Marks]**
- c) Labour is one of the major factors of production. But it affects the every demand of the society. Explain the interaction between increase in production and income of individuals. **[10 Marks]**
- d) What happens to demand when there is an influx on imported goods? **[10 Marks]**

## **SECTION B: ANSWER ANY THREE QUESTIONS**

### **Question Two**

- a) The evolvement of money solved some of the problems that people encountered in the barter trade. Explain the characteristics of money and how they solved the problem of barter trade. **[12 Marks]**
- b) Discuss the functions of money. **[8 Marks]**

### **Question three**

- a) Differentiate between demand- pull inflation and cost-push inflation. **[10 Marks]**
- b). What are the characteristics of perfect competition Markets? **[10 Marks]**

### **Question Four**

- a) Citing the characteristics, describe the difference between the oligopolistic and monopolistic Market. **[12 Marks]**
- b) Explain four factors that affect demand **[8 Marks]**

### **Question five**

- a) Explain the law of demand, discussing how it is affected by the demographic population of an economy. **[10 Marks]**
- b) Discuss the factors that affect supply. **[10 Marks]**