



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS  
2021/2022 ACADEMIC YEAR  
FIRST YEAR FIRST SEMESTER**

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

**COURSE CODE: ECO 1110-1**

**COURSE TITLE: PRINCIPLES OF ECONOMICS**

**DATE: 8<sup>TH</sup> APRIL, 2022**

**TIME: 0830-1030**

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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) Using suitable graphs, explain the three stages of variable proportions that would be experienced in production process in the short run. **(6 Marks)**
- b) Evaluate the different tools of monetary policy that can be used to control and regulate money supply in a country. **(6 Marks)**
- c) Distinguish between the explicit costs and implicit costs in economics. **(2 Marks)**
- d) Explain consumer's equilibrium under the cardinalist approach. **(6 Marks)**

### **QUESTION TWO**

- a) Discuss the three approaches used in measuring the national income of a country. **(9 Marks)**
- b) Explain the conditions that are necessary for price discrimination under monopoly. **(6 Marks)**

### **QUESTION THREE**

- a) Suggest four possible economic policies that a country can adopt and implement in order to reduce unemployment. **(6 Marks)**
- b) Discuss the usefulness of elasticity of demand in management and economic policy decision making. **(4 Marks)**
- c) Evaluate the effects of imposing minimum wage rate above the market rate in a competitive market. **(5 Marks)**

### **QUESTION FOUR**

- a) Discuss the 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 the features of a planned economy. **(5 Marks)**

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