



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR
FIRST YEAR FIRST SEMESTER**

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

COURSE CODE: ECO 1110-1

COURSE TITLE: PRINCIPLES OF ECONOMICS

DATE: 7/2/2024

TIME: 0830-1030 HRS

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) Explain the main characteristics of an indifference curve. **(4 Marks)**
- c) Suggest five possible measures that a country can adopt and implement to reduce unemployment. **(5 Marks)**
- d) Discuss the hindrances encountered in estimating national income values of a developing country. **(5 Marks)**

QUESTION TWO

- a) Using a suitable diagram, differentiate between movement along the demand curve and shift of the demand curve. **(6 Marks)**
- b) Explain the three fundamental problems of economics. **(3 Marks)**
- c) Explain four sources of monopoly power to a firm. **(6 Marks)**

QUESTION THREE

- a) Evaluate the different tools of monetary policy that can be used to control and regulate money supply in a country. **(6 Marks)**
- b) Explain the economic effect of a high rate of inflation. **(6 marks)**
- c) State the Law of supply. **(3 Marks)**

QUESTION FOUR

- a) Discuss the usefulness of elasticity of demand in management and economic policy decision-making. **(5 Marks)**
- b) Discuss the objectives of fiscal policy in a country. **(6 Marks)**
- c) With an aid of a diagram, distinguish between price floors and price ceilings. **(4 Marks)**

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