

Name: _____ Index No: _____

1901/205, 1902/205
 1903/205, 1906/205
 1909/205
ECONOMICS
 July 2012
 Time: 3 hours

Candidate's Signature: _____

Date: _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL
CRAFT CERTIFICATE IN:
SECRETARIAL STUDIES
SALES AND MARKETING
SUPPLY CHAIN MANAGEMENT
BUSINESS MANAGEMENT
ROAD TRANSPORT MANAGEMENT
MODULE II

ECONOMICS

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided at the top of this page.

Sign and write the date of the examination in the spaces provided above.

This paper consists of TWO sections, A and B.

Answer ALL the questions in section A in the spaces provided in the question paper.

Answer any FOUR questions from section B in the spaces provided in the question paper.

For Examiner's Use Only

Section	Question	Maximum Score	Candidate's Score
A	1-10	32	
B		17	
		17	
		17	
		17	
Total Score			

This paper consists of 12 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

SECTION A (32 marks)

Answer *ALL* the questions in this section in the spaces provided.

1. State **four** features of commercial production. (4 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

2. Outline **three** characteristics of an oligopoly. (3 marks)

(i) _____

(ii) _____

(iii) _____

3. State **three** ways in which a firm may expand its operations. (3 marks)

(i) _____

(ii) _____

(iii) _____

4. State **four** benefits of buying goods from other countries. (4 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

5. Outline **three** factors that may limit the use of cheques as means of payment. (3 marks)

(i) _____

(ii) _____

(iii) _____

6. State **three** types of indirect taxes. (4 marks)

(i) _____

(ii) _____

(iii) _____

7. Outline **four** characteristics of a good development plan. (4 marks)
- (i) _____

 - (ii) _____

 - (iii) _____

 - (iv) _____

8. State **three** forms of an abnormal demand curve. (3 marks)
- (i) _____

 - (ii) _____

 - (iii) _____

9. Give **two** features of entrepreneur as a factor of production. (2 marks)
- (i) _____

 - (ii) _____

10. State **three** factors that may make human wants unlimited. (2 marks)
- (i) _____

 - (ii) _____

 - (iii) _____

SECTION B (68 marks)

Answer any **FOUR** questions from this section.

11. (a) With the aid of a diagram explain the effect of an increase in supply without subsequent increase in demand in the market. (9 marks)
- (b) Describe **four** measures that a country may take to increase export trade. (8 marks)
12. (a) Highlight **six** types of costs that a firm may incur in the process of production. (9 marks)
- (b) Explain **four** limitations of commodity money. (8 marks)
13. (a) Explain **four** principles of taxation system. (8 marks)
- (b) Outline **six** economic characteristics of the less developed countries. (9 marks)
14. (a) Highlight **six** benefits that a firm would get if it is located where the other firms already exist. (9 marks)
- (b) Outline **four** conditions that are necessary for the law of diminishing marginal utility to operate. (8 marks)
15. (a) Explain **four** functions of a budget in an economy. (8 marks)
- (b) Outline **six** characteristics of monopolistic competition market structure. (9 marks)