

1901/205 1906/205 1923/205
1902/205 1907/205 1924/205
1903/205 1909/205 1926/205

ECONOMICS

July 2017

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL.

**CRAFT CERTIFICATE IN:
SECRETARIAL STUDIES
SALES AND MARKETING
SUPPLY CHAIN MANAGEMENT
BUSINESS MANAGEMENT
ROAD TRANSPORT MANAGEMENT
CLERICAL OPERATIONS
INVESTMENT MANAGEMENT
CO-OPERATIVE MANAGEMENT
HUMAN RESOURCE MANAGEMENT**

MODULE II

ECONOMICS

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **FOURTEEN** questions in **TWO** sections: **A** and **B**.*

*Answer **ALL** the questions in section **A** and any **FOUR** questions from section **B** in the answer booklet provided.*

Maximum marks for each part of a question are as shown.

Candidates should answer the questions in English.

This paper consists of 3 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.*

1. State **two** implications of scarcity of resources in a country. (2 marks)
2. State **three** reasons that may account for the low elasticity of supply for agricultural products. (3 marks)
3. State **four** reasons that could contribute to a rise in demand for private cars in a country. (4 marks)
4. Suggest **three** messages that a high price on a product could communicate. (3 marks)
5. List **four** factors of production. (4 marks)
6. Identify **four** features that may define a market. (4 marks)
7. State **three** methods that a country may use to measure its national income. (3 marks)
8. State **four** functions of money as a medium of exchange. (4 marks)
9. State **three** ways in which a government could raise funds to finance its activities. (3 marks)
10. List **two** types of inflation that a country may experience. (2 marks)

SECTION B (68 marks)*Answer any FOUR questions from this section.*

11. (a) Describe **four** characteristics of human wants. (8 marks)
- (b) The elasticity of demand for a commodity may be influenced by certain factors. Outline **six** such factors. (9 marks)
12. (a) Outline **four** components of recurrent expenditure of a government. (8 marks)
- (b) There are certain limitations of barter trade as a medium of exchange. Explain **six** such limitations. (9 marks)

13. (a) Country X intends to institute import restrictions to protect its infant industries. Describe **four** such restrictions. (8 marks)
- (b) There are certain factors that could influence the location of an industry. Highlight **six** such factors. (9 marks)
14. (a) Describe **four** different types of market structures that may be found in an industry. (8 marks)
- (b) Explain **six** ways in which the national income figures of a country may be useful to the country. (9 marks)
15. (a) Explain **four** ways in which a government may promote the growth of the private sector in the country. (8 marks)
- (b) There are certain factors that may contribute to wage differences among workers within the same occupation. Highlight **six** such factors. (9 marks)

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