

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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