



FACULTY OF COMMERCE

COURSE CODE: CIAF 0126

COURSE TITLE: PRINCIPLES OF ECONOMICS

1. a) Define the following concepts as used in economics.
 - i. Economics (2mks)
 - ii. Micro-economics (2mks)
 - iii. Scarcity (2mks)
 - iv. Choice (2mks)
 - v. Opportunity cost (2mks)
- b) Describe four exceptions to the law of demand and supply. (8mks)
- c) Define law of demand and explain factors held constant. (12mks)
- 2) With help of diagrams explain;
 - a) How demand curve shifts (10mks)
 - b) How demand curve moves a long demand curve (10mks)
3. a) Highlight seven factors that affect demand of any commodity (14mks)
 - b.) what do you understand by the word monopoly market, hence describe factors that makes a firm to have monopoly power (6mks)
- 4) a) Define the law of supply and State factors assumed to be constant. (10mks)
 - b) With help of your own supply schedule draw the supply curve (10mks)
5. a) Define production scale, thus highlight factors affecting production scale. (10mks)
 - b) Explain levels of production (10mks)