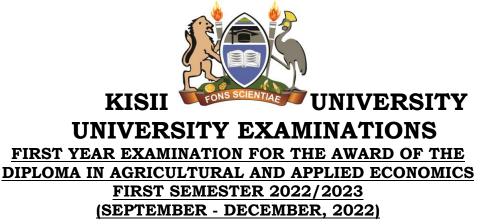
AGEC 0101



AGEC 0101: GENERAL ECONOMICS

STREAM: Y1 S1

TIME: 2 HOURS

DATE: 13/12/2022

DAY: TUESDAY, 9:00 A.M - 11:00 A.M

INSTRUCTIONS:

 Do not write anything on this question paper.
Answer ALL Questions in section A (Compulsory) and any other TWO Questions in section B.

SECTION A (30MARKS)

QUESTION ONE

- a) Discuss the various factors which bring about hoarding of a commodity in the market (6marks)
- b) Distinguish between elastic and inelastic demand. (4marks)
- c) Explain the advantages of FREE market economic system (10marks)
- d) State the meaning of the law of demand and list 4 assumptions of the law. (10marks)

SECTION B

QUESTION TWO

a) Explain the various forms of Utilities and their importance to production efficiency. (12marks)

b) Calculate gross elasticity from the following data, 'price of 2 kilo packet of maize flour rises from ksh 20 to ksh 40. This makes demand for rice increase from ksh. 20 per packet to ksh.30 per packet. (8marks)

QUESTION THREE

i) With a well labeled diagram clearly explain the concept of equilibrium price

(10marks)

ii) Explain the causes of downward sloping of the demand curve. (10marks)

QUESTION FOUR

i) Explain the economic concept of term 'consumer sovereignty' (10marks)

ii) Explain what brings about the KINK in the Oligopoly market structure

(10marks)