



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**FIRST YEAR EXAMINATION FOR THE AWARD OF THE**  
**DIPLOMA IN AGRICULTURAL AND APPLIED ECONOMICS**  
**FIRST SEMESTER 2022/2023**  
**(SEPTEMBER - DECEMBER, 2022)**

**AGEC 0101: GENERAL ECONOMICS**

**STREAM: Y1 S1**

**TIME: 2 HOURS**

**DAY: TUESDAY, 9:00 A.M – 11:00 A.M**

**DATE: 13/12/2022**

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***INSTRUCTIONS:***

- 1. Do not write anything on this question paper.***
- 2. 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)