

1901/205 1902/205 1903/205
1906/205 1907/205 1909/205
1923/205 1924/205 1926/205
ECONOMICS
November 2018
Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

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

MODULE II

ECONOMICS

3 hours

INSTRUCTIONS TO CANDIDATES

This paper consists of TWO sections; A and B.

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

All questions carry equal marks.

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

Answer ALL the questions in this section.

1. State **three** reasons that make it difficult to satisfy all human wants. (3 marks)
2. Outline **four** factors that may lead to an increase in the supply of a commodity in the market. (4 marks)
3. List **four** factors of production and their respective rewards. (4 marks)
4. State **two** types of costs that may be incurred during production. (2 marks)
5. State **four** functions of money in an economy. (4 marks)
6. Outline **three** causes of unequal distribution of income among individuals in a country. (3 marks)
7. State **four** sources of government revenue. (4 marks)
8. List **two** ways in which products may be differentiated in a monopolistic competition market structure. (2 marks)
9. Outline **three** measures that the government may take to reduce population growth rate in a country. (3 marks)
10. Identify **three** indicators of underemployment in an economy. (3 marks)

SECTION B

Answer FOUR questions from this section

11. (a) Explain **six** factors that a manufacturer may consider when selecting a suitable location for a factory. (9 marks)
- (b) Outline **four** features of land as a factor of production. (8 marks)
12. (a) Explain **four** disadvantages of monopoly businesses in a country. (8 marks)
- (b) Outline **six** uses of national income statistics in a country. (9 marks)

13. (a) The amount of money held by individuals for precautionary motive is determined by certain factors. Explain **four** such factors. (8 marks)
- (b) Explain **six** reasons that make it necessary for a government to carry out development planning. (9 marks)
14. (a) Highlight **four** principles that should guide public expenditure in a country. (8 marks)
- (b) Country Z has been experiencing a high rate of unemployment for the last few years. Explain **six** measures that the government may take to solve this problem. (9 marks)
15. (a) Explain **four** factors that may lead to an inward shift in the demand curve. (8 marks)
- (b) Explain **six** barriers to international trade. (9 marks)
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