

1901/205, 1906/205, 1923/205,
1902/205, 1907/205, 1924/205,
1903/205, 1909/205, 1926/205
ECONOMICS
July 2019
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.

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. List **four** types of price elasticity of demand. (4 marks)
2. State **four** factors that may be considered when determining the price of a product. (4 marks)
3. List **two** injections to the circular flow of national income. (2 marks)
4. Outline **three** circumstances under which it may be necessary to locate a firm near the source of raw materials. (3 marks)
5. State **three** features of a perfectly competitive market structure. (3 marks)
6. List **three** money transfer services that are offered by commercial banks to customers. (3 marks)
7. State **four** reasons that make it necessary for the government to impose taxes on its citizens. (4 marks)
8. State the **two** branches of economics. (2 marks)
9. List **three** levels of economic integration. (3 marks)
10. State **four** types of unemployment that may be experienced by citizens of a country. (4 marks)

SECTION B (68 marks)

Answer any **FOUR** questions from this section.

- ✓ 11. (a) Outline **four** advantages of the market economic system. (8 marks)
- (b) Tape Limited has been enjoying **monopoly** power since its formation. Outline **six** ways in which the company may have acquired such power. (9 marks)

12. (a) Explain **four** factors that may influence the efficiency of labour as a factor of production. (8 marks)
- (b) Kazo Limited has expanded its scale of production over the past few years. Explain **six** benefits that the firm may derive from this expansion. (9 marks)
13. (a) Outline **four** difficulties that may be faced when measuring the national income of a country. (8 marks)
- (b) Highlight **six** qualities of a good national budget. (9 marks)
14. (a) Explain **six** monetary measures that may be taken by the Central Bank to reduce the level of inflation in a country. (9 marks)
- (b) A country with a high population growth rate may face certain challenges. Highlight **four** such challenges. (8 marks)
15. (a) Explain **six** ways in which a country may benefit from participating in international trade. (9 marks)
- (b) Outline **four** goals of economic development. (8 marks)

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