

1901/205 1906/205 1923/205
1902/205 1907/205 1924/205
1903/205 1909/205 1926/205

ECONOMICS
November 2022
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 questions in section A and any FOUR questions from section B in the answer booklet provided.

Maximum marks for each part of a question are indicated.

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. Define each of the following terms as used in economics:
 - (i) scarcity;
 - (ii) scale of preference;
 - (iii) choice.

(3 marks)
2. State **two** types of price elasticity of supply.

(2 marks)
3. List **three** direct personal services offered at the tertiary level of production.

(3 marks)
4. State **three** objectives of a firm.

(3 marks)
5. Name **four** types of product market structures.

(4 marks)
6. List **three** motives for holding money.

(3 marks)
7. State **two** categories of government expenditure in a country.

(2 marks)
8. List **four** benefits of economic integration to a member country.

(4 marks)
9. State **four** types of unemployment that may be experienced in a country.

(4 marks)
10. State **four** monetary measures that may be taken to control inflation in a country.

(4 marks)

SECTION B (68 marks)

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

11. (a) Highlight **six** characteristics of money. (9 marks)
- (b) Explain **four** factors that may influence price elasticity of demand for a given product. (8 marks)
12. (a) Highlight **four** advantages of the market system of resource allocation. (8 marks)
- (b) Explain **six** benefits of indirect production to a country. (9 marks)
13. (a) Highlight **four** measures that the government may take to reduce the rate of unemployment in a country. (8 marks)
- (b) Choggy Limited intends to relocate its factory premises. Explain **six** factors that the company should consider in selecting the new location. (9 marks)
14. (a) Highlight **four** challenges associated with the expenditure method of measuring national income in a country. (8 marks)
- (b) Explain **six** factors why a country may find it necessary to impose trade restrictions. (9 marks)
15. (a) Outline **four** negative effects of inflation in a country. (8 marks)
- (b) Explain **six** reasons that make development planning necessary in a country. (9 marks)

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