

1901/205, 1906/205/, 1923/205,
1902/205, 1907/205, 1924/205,
1903/205, 1909/205, 1926/205
ECONOMICS
July 2023
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 FIFTEEN questions in TWO sections; A and B.
Answer ALL the questions in section A and any FOUR questions from section B
in the answer booklet provided.
Maximum marks for each question or part of the 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 questions in this section.

1. Distinguish between micro-economics and macro-economics. (2 marks)
2. List **four** types of price elasticity of demand. (4 marks)
3. Give the appropriate reward for each of the following factors of production.

Factor of production	Reward
Entrepreneurship	
Land	
Capital	
Labour	

(4 marks)

4. State **four** functions of money in an economy. (4 marks)
5. List **two** aspects of raw materials that may be considered when choosing a site to set-up a manufacturing firm. (2 marks)
6. State **three** challenges that are associated with the income approach to the measurement of national income. (3 marks)
7. Identify **four** sources of public finance in Kenya. (4 marks)
8. State **three** methods that may be used to restrict imports in a country. (3 marks)
9. State **three** factors that may hinder effective implementation of economic development plans in a country. (3 marks)
10. State **three** factors that may determine the fertility rate in a country. (3 marks)

SECTION B (68 marks)

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

11. (a) Outline **four** characteristics of human wants. *are scarce* (8 marks)
- (b) The demand for mandazi at Kisisi village has been rising over the past few weeks. Explain **six** reasons that may account for this trend. (9 marks)
12. (a) Explain **four** factors that may determine the supply of labour as a factor of production in a country. *Price, Range of the goods, Government policies* (8 marks)
- (b) Outline **six** ways in which commercial banks contribute to the economic growth of a country. *results to higher real income per capital, low capital* (9 marks)
13. (a) Outline **six** ways in which a firm may attain monopoly status in a market. (9 marks)
- (b) The amount of revenue raised through taxation in a country depends on certain factors. Explain **four** such factors. (8 marks)
14. (a) Outline **six** government policies that may encourage investors to locate their firms in a particular region. *low capital per income, heavy dependence on agric. sectors, inadequate infrastructure, dependence on narrow range of products & services, low capital per labour rate* (9 marks)
- (b) Highlight **four** reasons that may account for differences in terms of trade between countries. *labor, raw materials, fertile soil, Resources* (8 marks)
15. (a) Outline **six** indicators of under-development in a country. (9 marks)
- (b) Outline **four** challenges that are associated with low population in a country. (8 marks)

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