| Name: | Index No: | | |
|---------------------|-----------|------------------------|--|
| 1901/205, 1902/205, | • | | |
| 1903/205, 1906/205, | | Candidate's Signature: | |
| 1909/205, 1923/205 | EL VA HAI | Candidate s Signature: | |
| ECONOMICS | | | |
| July 2013 | | Date: | |
| Time: 3 hours | (A) | Date. | |

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 ROAD TRANSPORT MANAGEMENT CRAFT CERTIFICATE IN CLERICAL OPERATIONS MODULE II

ECONOMICS

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided at the top of this page. Sign and write the date of the examination in the spaces provided above. This paper consists of TWO sections, A and B. Answer ALL the questions in section A in the spaces provided. Answer any FOUR questions from section B in the spaces provided. Candidates should answer the questions in English.

For Examiner's Use Only

| Section | Question | Maximum Score | Candidate's Score |
|---------|----------|------------------|----------------------|
| A | 1 - 10 | 32 | |
| | | 17 | |
| В | | 17 | |
| В | | 17 | |
| | | 17 | |
| | 1 | Total Score | |

This paper consists of 16 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 in the spaces provided.

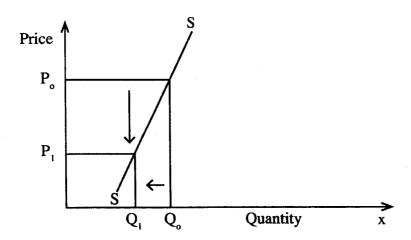
| | of portable money in current use. | (2 marks) |
|-----------------|-------------------------------------------------------------|--------------------------|
| (i) | | |
| (ii) | | |
| | | |
| | | |
| | | |
| | s of barriers that a firm may use to restrict entry of othe | r firms into its line of |
| | | |
| | | |
| | | |
| | | |
| State three fur | nctions of price in a free market economy. | (3 marks |
| (i) | | |
| (ii) | | |
| | | |

| | • | (3 marks |
|-------------|----------------------------------------------------------------|-------------|
| (i) | | |
| | | |
| (ii) | | |
| | | |
| | | |
| | | |
| State three | characteristics of the primary level of production. | (3 marks |
| | | |
| | | |
| | | |
| | | |
| | | • |
| State three | types of commodities that have an upward sloping demand curve. | |
| (i) | 57 | (3 marks) |
| | | |
| (ii) | | |
| | | |
| (iii) | | |
| | | |

| (i) | | |
|----------------|---------------------------------------------------------------------|--------------|
| | | |
| | | |
| (iii) | | |
| | | |
| | | |
| | f a diagram, illustrate the optimum point of operation for a firm. | • |
| • | | |
| | | |
| | | |
| (iii) | | |
| (iv) | | |
| | | |
| State four nat | ural conditions that may reduce the supply of an agricultural commo | odity. (4 |
| (i) | | |
| | | |
| | | |
| (iii) · | | |
| | | |

| (i) | | (4 mark | | |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--|--|
| (-) _ | | | | |
| (ii) | | | | |
| | | | | |
| | | | | |
| (iv) | | | | |
| | | | | |
| | SECTION B (68 marks) | | | |
| | Answer any FOUR questions from this section. | | | |
| (a) | Outline six factors that may influence the productivity of labour. | (9 marks | | |
| (b) | Most microfinance institutions find it difficult to expand their services in the ru Explain four reasons that may account for this situation. | ral areas (8 marks | | |
| (a) | With the aid of a diagram, explain how a monopoly firm may earn abnormal profit in the long run. (9 ma | | | |
| (b) | Although inflation is usually considered to be bad for an economy. Explain four such advantages that may be brought by inflation. (8 mar | | | |
| (a) | Highlight six problems that a country may encounter while computing national | income. 9 marks | | |
| (b) | The exports of country X has attracted relatively low prices in the international Explain four measures that a country may take to improve its export prices. | | | |
| | | 8 marks) | | |
| (a) | Highlight six reasons that may account for the high rate of open unemployment urban centres in Kenya. | in most 9 marks) | | |

(b) The diagram below shows the response of supply of commodity X to changes in its price.



Explain four reasons that may account for this low response to change in price.

(8 marks)

15. (a) Highlight six principles of a good taxation system. (9 marks)

(b) Explain **four** factors that may determine the amount of revenue a government can raise from taxes. (8 marks)

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