

Name: _____ Index No: _____

1901/205, 1902/205,
1903/205, 1906/205,
1909/205, 1923/205
ECONOMICS
July 2013
Time: 3 hours

Candidate's Signature: _____

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	
B		17	
		17	
		17	
		17	
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.

1. List **four** forms of portable money in current use. (2 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

2. State **four** types of barriers that a firm may use to restrict entry of other firms into its line of business. (4 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

3. State **three** functions of price in a free market economy. (3 marks)

(i) _____

(ii) _____

(iii) _____

4. List **three** conditions that are necessary for equilibrium level of income to be achieved. (3 marks)

(i) _____

(ii) _____

(iii) _____

5. State **three** characteristics of the primary level of production. (3 marks)

(i) _____

(ii) _____

(iii) _____

6. State **three** types of commodities that have an upward sloping demand curve. (3 marks)

(i) _____

(ii) _____

(iii) _____

7. State **four** reasons that may account for the rapid growth of the tertiary level of production in many countries. (2 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

8. With the aid of a diagram, illustrate the optimum point of operation for a firm. (4 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

9. State **four** natural conditions that may reduce the supply of an agricultural commodity. (4 marks)

(i) _____

(ii) _____

(iii) _____

(iv) _____

10. State **four** factors that influence the decision on the basic question of how to produce that an industrialist has to make. (4 marks)
- (i) _____
- _____
- (ii) _____
- _____
- (iii) _____
- _____
- (iv) _____
- _____

SECTION B (68 marks)

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

11. (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 rural areas. Explain **four** reasons that may account for this situation. (8 marks)
12. (a) With the aid of a diagram, explain how a monopoly firm may earn abnormal profit in the long run. (9 marks)
- (b) Although inflation is usually considered to be bad for an economy. Explain **four** such advantages that may be brought by inflation. (8 marks)
13. (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 market. Explain **four** measures that a country may take to improve its export prices. (8 marks)
14. (a) Highlight **six** reasons that may account for the high rate of open unemployment in most urban centres in Kenya. (9 marks)

