MACHAKOS UNIVERSITY

University Examinations 2017/2018

SCHOOL OF ENGINEERING
DEPARTMENT OF BUILDING AND CIVIL ENGINEERING

FIRST YEAR FIRST SEMESTER EXAMINATION FOR DIPLOMA IN CIVIL ENGINEERING

BCECD 103 ECONOMICS FOR ENGINEERS

DATE: 14/12/2017 **TIME: 8.30-10.30 AM**

INSTRUCTIONS

Answer Question One and Any Other Two Questions

QUESTION ONE (30 MARKS)

a) Define the term economics. (1 mark)

b) Explain the following terms in economics;

i Scarcity

ii Wants

iii Choice

iv Wealth

v Utility (10 marks)

c) Define the following terms;

i Treasury Bills

ii Merchant Banks

iii Stock Exchange

iv Promissory Notes

v Cheque (10 marks)

d) List down and explain three stages in the development of money. (9 marks)

QUESTION TWO (20 MARKS)

a) Distinguish between the following;

- i Free goods and economic goods
- ii Consumer goods and producer goods
- iii Perishable and durable goods. (6 marks)

b) Explain the following;

- i Demand
- ii Law of demand
- iii Opportunity cost
- iv All things being equal (8 marks)

c) List down three assumptions of the law of demand. (6 marks)

QUESTION THREE (20 MARKS)

a) By use of a suitable schedule and a sketch, illustrate a demand schedule and a demand curve. (8 marks)

b) By use of suitable sketches, illustrate the distinction between extension and contraction of demand and rise and fall of demand. (12 marks)

QUESTION FOUR (20 MARKS)

a) Define barter trade and explain the difficulties that were faced by individuals when making transactions. (12 marks)

b) List down and explain four primary functions of money. (8 marks)

QUESTION FIVE (20 MARKS)

a) List down and explain five functions of a central bank. (10 marks)

b) Enumerate two functions of a stock exchange. (2 marks)

c) Discuss the advantages of commercial banks. (8 marks)