LAIKIPIA UNIVERSITY

UNIVERSITY EXAMINATIONS

FIRST SEMESTER 2025/2026 ACADEMIC YEAR

SECOND YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN BIOMEDICAL

ECON 100: INTRODUCTION TO ECONOMICS

STREAM: ***BMED*** ***TIME: 2 HRS***

DAY: THURSDAY [8.30 A.M-10.30 A.M] ***DATE: 29/01/2026***

THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES

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Instructions: Answer three questions.

Question one is compulsory

Question One

a) Briefly explain the concept of Microeconomics and Macroeconomics from wealth, welfare and scarcity perspectives. **(10 Marks)**

b) Economics is said to be a positive science. State what is meant by 'science' and 'positive' and comment upon this description. **(10 Marks)**

c) i) Explain the deductive, inductive, and normative methods of economic analysis. Give an example of each. **(5 Marks)**

ii) State different examples of economic problems which are classified as microeconomics and macroeconomics. **(5 Marks)**

Question Two

a) Explain market equilibrium and use a diagram to show how shifts in demand and supply curves affect equilibrium price and quantity. **(10 Marks)**

b) Discuss three forms of government intervention in the market, explaining their intended economic outcomes and possible distortions (**10 Marks**)

Question Three

a) Describe the main features of the following market structures perfect competition, monopoly, monopolistic competition, and oligopoly **(10 Marks)**

b) Outline the circumstances under which you think government intervention in the working of the pricing system can be justified in an industrially advanced country and in a less developed country. **(10 Marks)**

Question Four

a) Explain the concept of national income accounting, detailing any three methods used in calculating national income. **(10 Marks)**

b) Discuss the determinants of investment, explaining why investment is considered the most volatile component of aggregate demand. **(10 Marks)**

Question Five

a) Outline the effects of climate change on the economic performance of an agro-based economy like Kenya. Suggest some remedies which may salvage the challenge. (**10 Marks)**

b) i) What do you understand by Sustainable Development Goals (SDGs) as global agenda for economic transformation? (**5 Marks)**

ii) Explain any three Sustainable Development Goals you may have an idea of**.** **(5 Marks)**