



*(Knowledge for Development)*

**KIBABII UNIVERSITY  
UNIVERSITY EXAMINATIONS  
2020/2021 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER**

**SPECIAL/SUPPLIMENTARY EXAMINATION  
FOR THE DIPLOMA IN EDUCATION**

**COURSE CODE: EDB 105**

**COURSE TITLE: BASIC ECONOMICS**

**DATE:** 01/10/2021 **TIME:** 11.00 AM

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**INSTRUCTIONS TO CANDIDATES**

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over 

## SECTION A (COMPULSORY)

### Question 1

- a) Write short notes on the following fundamental concepts:
- i) Scarcity and Choice (5 marks)
  - ii) Opportunity cost (5 marks)
  - iii) Micro and Macro Economics (5 marks)
- b) Using specific examples, explain 'Ceteris Paribus' as used in economics (5 marks)
- c) Write short notes on the following fundamental concepts:
- i) Production possibility frontier (5 marks)
  - ii) Positive and normative economics (5 marks)
  - iii) Micro and Macro Economics
- (30 marks)**

## Section B (Answer any two questions)

### Question 2

- a) Describe the model of market under perfect competition (10 marks)
- b) State the advantages of a perfect market (5 marks)
- c) Monopolistic competition as the name implies, combines features from both perfect competition and monopoly. Highlight its features. (5 marks)

### Question 3

- a) State any five strategies used to alleviate the debt crisis in developing countries (10 marks)
- b) Explain some of the objectives of the monetary policy (10 marks)
- (20 marks)**

### Question 4

- a) Define product differentiation and state its disadvantages (10 marks)
- b) Give any two Definitions of Economics and explain why it is important to study economics (10 marks)
- (20 marks)**