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(KNOWLEDGE FOR DEVELOPMENT)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
END OF SEMESTER EXAMINATIONS
FIRST YEAR FIRST SEMESTER
SPECIAL/SUPPLIMENTARY
FOR THE DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DIB 103

COURSE TITLE: ELEMENTS OF ECONOMICS

DATE: 04/10/2018 TIME: 8.00 – 10.00 AM

QUESTION ONE (30 MARKS)

- a) Explain the law of supply. [2marks]
- b) Differentiate between micro and macroeconomics. [4marks]
- c) Discuss the effects of government on trade unions. [6marks]
- d) Explain the sources of monopoly power. [8marks]
- e) Explain the different types of exchange rates and state the advantages and disadvantages of each exchange rate [10marks]

SECTION B [40 MARKS]

QUESTION TWO [20MARKS]

- a) Illustrate the equilibrium position of the firm under monopoly competition. [8marks]
- b) Discuss the factors influencing demand for a factor of production. [10marks]
- c) Explain the law of demand [2marks]

QUESTION THREE [20 MARKS]

- a) Briefly discuss the theory of diminishing returns to scale as used in economics. [8marks]
- b) Distinguish between monopolistic competition and perfect competition. [4marks]
- c) Discuss the causes of unemployment in Kenya. [5marks]
- d) Explain the different forms of utility. [3marks]

QUESTION FOUR [20 MARKS]

- a) Explain the nature of unemployment in less developing countries. [5marks]
- b) Discuss reasons why trade unions are ineffective in less developed countries. [5marks]

c) With the help of a diagram, discuss the shift movement along demand curves. [10marks]

QUESTION FIVE [20 MARKS]

a) Briefly explain the useful concepts of income elasticity of demand in decision making. [10marks]

b) Define the following terms as used in economics.

i. Perfect competition. [2marks]

ii. Monopolistic competition. [2marks]

c) State the factors for the success of trade unions. [6marks]