



(Knowledge for Development)

KIBABII UNIVERSITY
(KIBU)

UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR

SPECIAL/SUPPLEMENTARY EXAMINATIONS
YEAR TWO SEMESTER ONE EXAMINATIONS

FOR THE DIPLOMA IN
(INFORMATION TECHNOLOGY)

COURSE CODE : **DIT 064**
COURSE TITLE : **PRINCIPLES OF ECONOMICS**

DATE: 08/08/2023

TIME: 2.00 PM – 4.00 P.M

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTIONS ONE AND ANY OTHER TWO.

QUESTION ONE (COMPULSORY) [24 MARKS]

- a. Explain the following terms:
- (i) Macroeconomics [2 Marks]
 - (ii) Microeconomics [2 Marks]
- b. Discuss the problems faced by developing countries in international trade. [10 Marks]
- c. Illustrate and explain the law of diminishing returns. [10 Marks]

QUESTION TWO [18 MARKS]

- a. Developing countries have experienced persistent and rising inflation and unemployment problems.
- (i) Define each of the problems and explain their major causes. [10 Marks]
 - (ii) Suggest economic policies that may be used to reduce the magnitude of these problems. [8 Marks]

QUESTION THREE [18 MARKS]

- a. The agricultural sector has been described as the key sector in Kenya's economic development. Briefly explain the role that the sector plays in the economic development of a country. [10 Marks]
- Divisional structure
- b. Examine the role that industries play in developing countries. [8 Marks]

QUESTION FOUR [18 MARKS]

- a. More economies are currently opting for free market systems as opposed to controlled systems. Compare the two systems describing their respective advantages and disadvantages. [12 Marks]
- b. Explain the concept of consumer sovereignty and its limitations. [6 Marks]

QUESTION FIVE [18 MARKS]

- a. Explain advantages and disadvantages of specialization. [10 Marks]
- b. Discuss factors that influences the supply of a commodity in the market. [8 Marks]