KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FIRST YEAR, FIRST SEMESTER EXAMINATION
FOR DIPLOMA IN PROCUREMENT AND SUPPLIES MANAGEMENT
DBA 1102-ECONOMICS

Date:3rd August 2022
Time:8.30am-10.30am

INSTRUCTIONS TO CANDIDATES
ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS
QUESTION ONE: (30 MARKS)

a) Use table below to determine the total variable cost and marginal cost of each unit produced. Show

   your workings clearly. (6 Marks)

Unit produced	Total cost $
0	50
2	80
5	150
6	155
10	180
12	200

b) By use of graphs, state and show the effect of the following on the supply curve for goods and services.

i. Improvement in technology (2 Marks)
ii. Government imposition of excise duty on imported raw materials (2 Marks)
iii. Lower price of imported competing products (2 Marks)

c) Give appoint of discrepancy between Economic growth and Economic Development and explain four economic indicators of a developed economic system. (6 Marks)

d) In presenting the national budget for every financial year in Kenya, the cabinet secretary of finance must incorporate the figure for total national income. What are some of the difficulties that the CS face while carrying out the task of estimation national income? (6 Marks)

e) Highlight two reasons why Jane would opt to hold money instead of putting the money in an interest bearing account. (4 Marks)

f) Distinguish between the two main branches of Economics. (2 Marks)

QUESTION TWO: (20 MARKS)

a) Distinguish between perfect and differentiated oligopoly and explain four attributes of this market structure that distinguishes it from monopoly market structure. (10 Marks)

b) Per Capita income being a measure of economic growth of a country is not a good measure of social welfare. Argue the cases for this. (10 Marks)

QUESTION THREE: (20 MARKS)

a) Discuss measures that the Kenyan Government can put in place to control persistent increase in prices of goods and services. (10 Marks)

b) i. Explain three conceptual approaches to measuring national income figures. (6 marks)

ii. Using the provided data below derive the Gross Domestic product (4 Marks)

Wages & Salaries	50
Depreciation	8
Net Interest	4
Profits of Corporations	8
Indirect taxes	7
Subsides	3
Income from rent	3
Income from abroad	-5

QUESTION FOUR: (20 MARKS)

a) In relation to the theory of demand, explain the determinants of elasticity of demand.(10 Marks)

b) Using a hypothetical diagram, identify and explain the three stages of production. (10 Marks)

QUESTION FIVE: (20 MARKS)

a) Describe four macro-economic policies that the New Government of Kenya aims to achieve after the 9th august General elections. (8 Marks)

b) The following is the demand function of good y

$$Q\partial Y = 5000 - 0.5p_Y - 2.3p_W + 0.2p_X + 0.000001\,p_Z + 0.0037\,I$$

Suppose you are given

$p_y = 30,000 \quad Q_y = 15,000 \quad income(I) = 60,000$

Compute

   i. Price elasticity of demand and interpret your results (4 Marks)

   ii. Income elasticity of demand and interpret your results (4 Marks)

    c) State and briefly explain any four types of unemployment manifested in the Kenyan Economy. (4 Marks)