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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2017/2018 ACADEMIC YEAR
DIPLOMA IN HUMAN RESOURCE MANAGEMENT
DBA 1102- ECONOMICS

Date: 14th August 2018
Time: 8.30 Am- 10.30 Am

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

a) Distinguish between economic growth and economic development.   (4 Marks)
b) Outline properties of economics as a science   (4 Marks)
c) Differentiate between movement along a demand curve and a shift of the demand curve
                                                                         (4 Marks)
d) Define economics as per Samuelson definition   (4 Marks)
e) Mention four importance of macroeconomics   (4 Marks)
f) Outline four merits of inductive method   (4 Marks)
g) Explain six difficulties encountered in measuring national income   (6 Marks)

QUESTION TWO (20 MARKS)

a) Explain five factors that influence the demand of commodities   (8 Marks)
b) Using a clear diagram describe the Keynesian theory of demand for money   (6 Marks)
c) A hypothetical closed economy has a national income model of the form $y = C + I + G$ where C $= 30 + 0.8Y$ and I and G and private investment and government expenditure are exogenously determined t 50 and 80 units respectively. Compute the national equilibrium level of income for this economy using aggregate income equals aggregate expenditure and withdrawals and equal injection methods.   (6 Marks)

QUESTION THREE (20 MARKS)

a) Explain five characteristics of a perfect market   (10 Marks)
b) Explain five practical significance of economics   (10 Marks)

QUESTION FOUR (20 MARKS)

a)   Draw and explain the circular flow diagram of incomes expenditure and product of the economy

                                        (10 Marks)

b)   Describe sources of monopoly power   (10 Marks)

QUESTION FIVE (20 MARKS)

a)   State and explain the characteristics of developing economy   (10 Marks)

b)   Explain the three economic problems every nation is facing   (6 Marks)

c)   Explain the determinants of elasticity of supply   (4 Marks)