



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, FIRST SEMESTER EXAMINATION
FOR THE DIPLOMA IN ACCOUNTING
DBA 1102: ECONOMICS

Date: 20TH APRIL 2023
Time: 8:30AM-10:30AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a. Citing examples, define the following terms as used in economics
 - i. Elasticity (2 Marks)
 - ii. Profits (2 Marks)
 - iii. Gross Domestic Product (2 Marks)
- b. Differentiate short run production period from long run production period (4 Marks)
- c. State **FOUR** functions of price in the market (4 Marks)
- d. Highlight **FIVE** social costs of unemployment to any country (5 Marks)
- e. Describe the **THREE** motives for holding money (6 Marks)
- f. A hypothetical market's demand function and supply function are given below
$$Q_s = 15 + 3P$$
$$Q_d = -3P + 27$$

Determine the Quantity of goods supplied to the market (5 Marks)

QUESTION TWO (20 MARKS)

- a. Using a well labelled diagram, explain how income circulates in a closed economy (6 Marks)
- b. One of the main triggers of hiked prices of basic commodities in developing countries is cost-push. Explain any **FOUR** causes of this trigger. (6 Marks)
- c. Perfect markets are the most desirable type of market structure. Give **FOUR** reasons to justify this statement (8 Marks)

QUESTION THREE (20 MARKS)

- a. The process of economic development is influenced by a number of economic as well as non-economic factors. Explain any **FOUR** economic determinants of economic development in developing countries (8 Marks)
- b. Unemployment in Kenya is a major macro-economic issue that should be dealt with by the government. Suggest and clearly explain **FOUR** policies that should be adopted by the government to reduce the unemployment rate. (8 Marks)
- c. State any **FOUR** functions that money as an asset plays in an economy (4 Marks)

QUESTION FOUR (20 MARKS)

- a. Discuss **FOUR** ways in which a country engaging in international trade can benefit. (8 Marks)
- b. By help of equations where applicable, describe **THREE** ways of measuring the national income of any country (6 Marks)
- c. State and explain **THREE** characteristics that would distinguish an oligopolistic market from a perfect competitive market (6 Marks)

QUESTION FIVE (20 MARKS)

- a. Give **FOUR** differences between a free enterprise economic system and the government controlled economic system. **(8 Marks)**
- b. The table below is a schedule of demand and supply for wheat in a certain market.

Price of Wheat (Kshs)	Demand for Wheat (Kg's)	Supply of Wheat (Kg's)
5	35	15
6	25	17
7	20	20
8	10	25
9	5	27

Required:

- i. Differentiate between the demand and supply schedule **(2 Marks)**
- ii. Plot the demand curve and supply curve on the same graph **(4 Marks)**
- iii. From the diagram obtained, determine the equilibrium price and equilibrium quantity supplied and demanded for wheat. **(2 Marks)**
- c. Describe the **FOUR** factors of production indicating the reward for each factor. **(4 Marks)**