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**KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN BUSINESS INFORMATION TECHNOLOGY**  
**DBA 1102 – ECONOMICS**

Date: 14<sup>TH</sup> December, 2023  
Time: 8:30AM- 10:30AM

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Illustrate whether the demand or supply curve shifts to the right or to the left in the following cases
- i) The ongoing drought has led to reduction of food stuffs in the Nairobi City County from the countryside (3 Marks)
  - ii) There is a big news in Mwhiko which has appeared in the newspapers making residents to buy newspapers (3 Marks)
  - iii) The war between Ukraine and Russia has led to reduction in the quantities of cereals in the country (3 Marks)
  - iv) The economic unit lecturer has recommended a book by Mudida to be used for doing assignments and students have resorted to purchase the book since there are few copies in the library (3 Marks)
- b) Suppose there is only one business firm that supplies Kiriri University with computers and it behaves like a monopoly. Highlight the characteristics that makes it behaves like a monopoly market structure (8 Marks)
- c) Given the following equations  $Q = 360 - 10P$  and  $Q = 160 + 15P$ . Identify;
- i) Supply and demand equations (2 Marks)
  - ii) Compute equilibrium price and quantity in the market (4 Marks)
- d) Money is a commodity which is very essential in the life of a human being. Discuss TWO functions of money in the economy (4 Marks)

**QUESTION TWO (20 MARKS)**

- a) Kenya is experiencing high increasing in prices of goods and services. How do we call the general increase in prices in the economy (2 Marks)
- b) Discuss the effects of this general increase in prices of goods and services over time in the economy (8 Marks)
- c) Discuss functions of the central bank in the economy (10 Marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss measures government can put in place to curb skyrocketing youth unemployment in the economy (10 Marks)
- b) Define elasticity of demand (2 Marks)
- c) Discuss various types of elasticities of demand a consumer may experience while satisfying his or her wants (8 Marks)

**QUESTION FOUR (20 MARKS)**

- a) National income figures play a critical role in predicting the future of our economy. Discuss the use of national income figures (6 Marks)
- b) Discuss causes of unemployment in the economy today (10 Marks)
- c) A student is unable to make decisions because she does not understand the term scarcity of resources and choices. Assist the student understand these two terms (4 Marks)

### QUESTION FIVE (20 MARKS)

a) Use the information in the table to answer the following questions

Output (Q)	Total fixed costs (Kshs)	Total variable costs (Kshs)
0	50	0
1	50	20
2	50	30
3	50	35
4	50	45
5	50	65
6	50	110

Required to compute;

- i) Total cost (1 Marks)
- ii) Average fixed costs (2 Marks)
- iii) Average variable costs (2 Marks)
- iv) Total variable costs (2 Marks)
- v) Marginal costs (3 Marks)
- b) Discuss motives for demand for money by individuals in the economy (10 Marks)