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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN BANKING AND FINANCE**  
**DBA 1102: ECONOMICS**

Date: 16<sup>TH</sup> AUGUST 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) Opportunity Cost **(2 Marks)**
  - ii) Economic system **(2 Marks)**
  - iii) Market **(2 Marks)**
- b) Differentiate between positive economics and normative economics. **(4 Marks)**
- c) Outline **TWO** types of costs of production. **(4 Marks)**
- d) Highlight **FIVE** characteristics of perfect markets. **(5 Marks)**
- e) Describe **THREE** functions of money **(6 Marks)**
- f) Describe any **FIVE** determinants of price elasticity of demand. **(5 Marks)**

**QUESTION TWO (20 MARKS)**

- a) The amount of money held for precautionary motive depends on several factors. Outline **SIX** factors. **(6 Marks)**
- b) The demand and supply schedule for milk products are tabulated below. Use a well labeled diagram to show equilibrium price and quantity. **(6 Marks)**

Price	Quantity Demanded	Quantity Supplied
3	170	20
6	140	40
9	110	60
12	80	80
15	40	100
18	20	120
21	15	140

- c) Describe **FOUR** forms of inflation. **(8 Marks)**

**QUESTION THREE (20 MARKS)**

- a) Hiked basic commodity prices have both negative and positive effects on citizens. Discuss the positive effects of this phenomenon **(8 Marks)**
- b) Low and Middle income countries like Kenya grapple with very high unemployment levels. Recommend any **FOUR** possible solutions to unemployment. **(8 Marks)**
- c) State any **FOUR** factors that affect supply of commodities to markets. **(4 Marks)**

**QUESTION FOUR (20 MARKS)**

- a) Discuss **THREE** approaches economists use to estimate the national income of a country. **(6 Marks)**
- b) A textile industry's production records are as tabulated below;

Variable factor (Labour)	Total product
5	10
6	22
7	27
8	32
9	35
10	37
11	37
12	35

**Required:**

- i) Determine the average product and marginal products of labor in this farm. **(7 Marks)**
- ii) On a similar graph plot the three graphs and show the three stages of production. **(4 Marks)**
- iii) Outline the characteristics of stage II of production. **(3 Marks)**

**QUESTION FIVE (20 MARKS)**

- a) Discuss **FOUR** assumptions of a closed economy. **(8 Marks)**
- b) Describe the **THREE** main characteristics of oligopolistic markets. **(6 Marks)**
- c) Using a well labelled diagram, describe shifting of the demand curve. **(6 Marks)**