



## GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2016/2017** ACADEMIC YEAR **ONE**  
**FIRST** SEMESTER EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DIPLOMA BUSINESS MANAGEMENT

COURSE CODE: DBM 03

COURSE TITLE: INTRODUCTION TO ECONOMICS

EXAMINATION DURATION: 3 HOURS

**DATE: 07/12/17**

**TIME: 02.00-05.00 PM**

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### INSTRUCTION TO CANDIDATES

- The examination has **SIX (6)** questions
- Question **ONE (1)** is **COMPULSORY**
- Choose any other **THREE (3)** questions from the remaining **FIVE (5)** questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of **TWO (2)** printed pages

*please turn over*



**QUESTION ONE (COMPULSORY)**

- (a) Write short explanatory notes on the following
- i. Positive and Normative Economics [2 marks]
  - ii. Perfect competition and Monopolistic competition [2 marks]
  - iii. Marginal utility and Total utility [2 marks]
  - iv. Monopolistic market and Oligopolistic market [2 marks]
  - v. Inferior goods and Articles of ostentations [2 marks]
- (b) State and discuss some of the factors that determine the size of national Income in a country [10 marks]
- (c) Give five (5) assumptions about the law of diminishing marginal utility [5 marks]

**QUESTION TWO**

- (a) What is economics [1 mark]
- (b) Discuss factors that determine conditions of supply in a market [8 marks]
- (c) Define the following terms.
- i. Gross domestic product [2 marks]
  - ii. Gross national income [2 marks]
  - iii. Opportunity cost [2 marks]

**QUESTION THREE**

- (a) Discuss five (5) uses of national income in a country [10 marks]
- (b) State five (5) characteristics of perfect competitive market [5 marks]

**QUESTION FOUR**

- (a) List four (4) main factors of production [4 marks]
- (b) Give and explain three (3) main obstacles of measuring national income [6 marks]
- (c) Highlight five (5) main practices that are said to be characteristics of monopolies [5 marks]

**QUESTION FIVE**

Distinguish between market economic system and command economic systems and discuss the advantages and disadvantages of each of the two economic systems [15 marks]

**QUESTION SIX**

- (a) List and explain five (5) assumptions of the ordinal utility approach [10 marks]
- (b) Indifference curve [2 marks]
- (c) Speculative demand [2 marks]
- (d) Production [1 mark]

