



GARISSA UNIVERSITY

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

SUPPLEMENTARY/SPECIAL EXAMINATION

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DBM 03

COURSE TITLE: INTRODUCTION TO ECONOMICS

EXAMINATION DURATION: 3 HOURS

DATE: 19/03/18

TIME: 02.00-05.00 PM

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) 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 THREE

- (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]

QUESTION FOUR

- (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 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) 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]

