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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, FIRST SEMESTER EXAMINATION
FOR THE DIPLOMA IN DIGITAL MARKETING
DBA 1102 ECONOMICS

Date: 14TH AUGUST 2024
Time: 8:30AM – 10:30A-M

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) The society's available resources can be used to produce various commodities for different groups in different ways, necessitating decisions on certain economic problems. Describe the three economic problems which arise due to scarcity of economic resources **(6 Marks)**
- b) The market for televisions is a dynamic and highly competitive sector within the consumer electronics industry which revolves around production, distribution, and sale of televisions that combine telecommunication and computing capabilities. Describe any two factors that would influence elasticity of supply for smart TV's. **(4 Marks)**
- c) In the short run, it is impractical to change the usage levels of some inputs so as to immediately increase output hence a firm will operate under three stages. Briefly describe these stages of production in a firm **(6 Marks)**
- d) In an economy there exist various market structures including perfectly competitive, Monopoly, Monopolistic competition and oligopoly. Outline three distinctive features between oligopoly and monopolistic competition market structures. **(6 Marks)**
- e) Using a well labelled diagram, show and describe how products, resources and income flows within a closed economy **(5 Marks)**
- f) Inflation has been a key issue recently in Kenya, which has seen the citizen resort to demonstrations and even a good percentage reject the finance bill. Outline any three types of inflation that may be experienced in the Kenyan economy. **(3 Marks)**

QUESTION TWO (20 MARKS)

- a) Explain three reasons financial institutions in an economy, given their legal obligation to offer a variety of financial services to individuals, businesses, and governments. **(6 Marks)**
- b) Tom, a Kenyan citizen graduated from college 3 years ago and has been actively looking for a job without success.
 - i) Explain any two factors which could have led to the current economic situation of Tom. **(5 Marks)**
 - ii) Evaluate the outcome expected in the long run if Tom remains unemployed? **(5 Marks)**
- c) In an economy there can exist several economic systems depending on how economic agents make production, consumption and investment decisions. With examples, describe your understanding of the following economic systems;
 - i) Socialist economic system **(2 Marks)**
 - ii) Traditional economic system **(2 Marks)**

QUESTION THREE (20 MARKS)

- a) Jane is as a distance learning students at KWUST, hence she is considering buying a smartphone so that she can access materials on the Learning Management System. Describe any four non-price factors that she would consider before she buys the smartphone. **(8 Marks)**
- b) A producer in Githunguri, Kiambu county producing dairy products is faced with the following cost schedule:

Period	Quantity	Fixed Costs	Variable Costs
1	10	300	200
2	20	300	500
3	30	300	700
4	40	300	950
5	50	300	1300
6	60	300	1550

- Calculate the Total costs and Marginal costs for each of the production periods. **(6 Marks)**
- c) You have been contracted by the government of Kenya to advise them on the trend of national income over the last ten years. Suggest and describe any three methods that you can use in computing national income of Kenyan economy. **(6 Marks)**

QUESTION FOUR (20 MARKS)

- a) Demand for money is the desire of households and businesses to hold assets in a form that can be easily exchanged for goods and services. Describe three motives of holding money. **(6 Marks)**
- b) Assume you own a small scale stationary shop which you operate every day before and after your classes. If the selling price of a pen is ksh.20 per pen and you have sold 80 pens for the past one week, compute the total revenue and average revenue that you would have received from pens by the end of that week. **(4 Marks)**
- c) Following the adverse effects from high cost of living arising from high prices of basic commodities, explain any five demand management policies that the Kenyan government would use to correct the situation. **(10 Marks)**

QUESTION FIVE (20 MARKS)

- a) Provided is a schedule of quantity of beans demanded and supplied in Sheilla’s shop in the month of May 2024.

Price per unit	Quantity demanded of beans	Quantity supplied of beans
70	50	300
60	120	280
50	150	200
40	180	150
30	210	130
20	220	100
10	250	60

Required;

- i. Differentiate between a demand schedule and demand diagram **(2 Marks)**
- ii. Present the above information in a diagram and show clearly the equilibrium price and equilibrium quantity demanded and/or supplied. **(6 Marks)**
- b) Describe the practical advantages of economics as a discipline towards the general economy**(4 Marks)**
- c) Explain any four basic functions of money that makes it an asset generally acceptable for transactions in an economy **(8 Marks)**