

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA, EMBU & THARAKA CAMPUSES

EXAMINATION FOR THE AWARD OF DIPLOMA IN PROCUREMENT AND LOGISTICS MANAGEMENT

DPLM 0141: ECONOMICS

STREAMS: DIP (DPLM

TIME: 2 HOURS

DAY/DATE: FRIDAY 14/12/2018

2.30 P.M - 4.30 P.M.

INSTRUCTIONS

- Answer question ONE and any other TWO
- Do not write anything on the question paper

QUESTION ONE

- (a) Differentiate the following terms as used in economies. [8 Marks]
- (i) Microeconomies and macroeconomies
 - (ii) Creeping inflation and suppressed inflation
 - (iii) Inputs and outputs
 - (iv) Demand and supply
- (b) What is national income? Explain the approaches used in measuring national income of a country? [8 Marks]
- (c) State the law of demand for normal goods and explain the exceptions of this law. [4 Marks]
- (d) Discuss the motives of holding money according to Keynes. [6 Marks]
- (e) Prices of other commodities influence the quantity demanded of the good in question. Illustrate by uses of diagrams. [4 Marks]

QUESTION TWO

- (a) Discuss the ideal conditions for a perfect competition market. [4 Marks]
- (b) Distinguish between movement along the supply curve versus shift in the supply curve. [4 Marks]

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- (c) Discuss internal and external effects of inflation in a developing economy. [8 Marks]
- (d) Discuss the circular flow of income in a two-sector economy. [4 Marks]

QUESTION THREE

- (a) Distinguish between Gross National Product (GNP) and Gross Domestic Product (GDP) and explain which of the two is higher and why in developing country. [5 Marks]
- (b) Using Production Possibility Frontier (PPF) explain the concept of scarcity and opportunity cost. [10 Marks]
- (c) Discuss the stages of production with reference to the law of variable proportions. [5 Marks]

QUESTION FOUR

- (a) In the context of developing countries, suggest policy measures that could be adopted to combat unemployment. [10 Marks]
- (b) Define the term equilibrium and then explain the market equilibrium using an appropriate diagram. [7 Marks]
- (c) Highlight the properties of isoquants. [3 Marks]

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