

**TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS**

DEPARTMENT OF MANAGEMENT SCIENCE

DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT

BLT 2102: INTRODUCTION TO ECONOMICS

END OF SEMESTER EXAMINATIONS

SERIES: MAY 2016

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.

SECTION A (COMPULSORY)

QUESTION ONE

(a) Define the following economic terms:-

- (i) Gross National Income
- (ii) Income Consumption Curve
- (iii) Average Product
- (iv) Micro Economics
- (v) Scarcity
- (vi) Money

(12 marks)

(b) Consider the following price and quantity demanded and supplied for a given commodity:

| Price (Kshs) | Quantity Demanded (Kgs) | Quantity Supplied (Kgs) |
|--------------|-------------------------|-------------------------|
| 2 | 160 | 25 |
| 4 | 80 | 35 |
| 6 | 60 | 45 |
| 8 | 40 | 55 |
| 10 | 20 | 65 |
| 12 | 0 | 75 |

Required:

(i). Determine the demand and supply functions (6 marks)

(ii) Compute the equilibrium price and equilibrium quantity (4 marks)

© Briefly discuss the THREE approaches that are used to measure national income in a country like Kenya.

(6 marks)

(d) State the law of demand

(2 marks)

SECTION B

QUESTION TWO

(a) (i) Discuss **FOUR** factors that may lead to a rightward shift of the supply curve.

(8 marks)

(ii) Define the term “money”.

(2 marks)

(b) Explain any **FIVE** characteristics of a monopolistic competition type of a market structure.

(10 marks)

QUESTION THREE

- (a) Explain any **FIVE** solutions to the problem of unemployment that a country like Kenya faces. **(10 marks)**
- (b) Illustrate by using a well labeled diagram how the price of a product is determined using the equilibrium analysis concept. **(10 marks)**

QUESTION FOUR

- (a) “Money is just but a function of **FIVE**.” Discuss this statement. **(10 marks)**
- (b) Illustrate the effect of a decrease in price of a good on the consumer equilibrium point. **(10 marks)**

QUESTION FIVE

- (a) Explain any **FIVE** types of unemployment that Kenya faces in recent times. **(10 marks)**
- (b) Elaborate **FIVE** importance of studying economics. **(10 marks)**