



THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

Faculty of Business & Social Studies

DEPARTMENT OF MEDIA AND GRAPHIC DESIGN

DIPLOMA IN MASS COMMUNICATION (PRINT)

(DMP)

ECONOMIC ENVIRONMENT

END OF SEMESTER EXAMS

SERIES: APRIL/MAY 2010

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

1. The paper consists of **EIGHT** questions.
2. Answer any **FIVE** questions only.
3. All questions carry equal marks.
5. Cheating leads to disqualification.
6. Switch off mobile phone.

- Q.1 (a) Distinguish the following pair of concepts:
- (i) Micro-economics and Macro-economics. (4 marks)
 - (ii) Oligopoly and duopoly (4 marks)
 - (iii) Elastic and inelastic demand (4 marks)
- (b) (i) Define 'Supply'. (2 marks)
- (ii) With the aid of a diagram explain the law of supply. (6 marks)
- Q.2 (a) Draw a demand and supply curve for any good or service highlighting the forces determining its equilibrium price. (10 marks)
- (b) Outline the factors that determine the supply for a commodity. (10 marks)
- Q.3 (a) Define Market Structure. (2 marks)
- (b) Explain the disadvantages of monopoly. (10 marks)
- (c) State the features of perfect competition. (8 marks)
- Q.4 (a) Discuss the importance of economics. (10 marks)
- (b) Explain the following terms:
- (i) Scarcity (2 marks)
 - (ii) Choice (2 marks)
 - (iii) Opportunity cost (2 marks)
 - (iv) Wants (2 marks)
 - (v) Good (2 marks)
- Q.5 (a) Highlight **TEN** functions of commercial banks. (10 marks)
- (b) Identify **FIVE** characteristics of money. (10 marks)
- Q.6 (i) Define economic development. (2 marks)
- (ii) Explain **FIVE** characteristics of economic development. (10 marks)
- (iii) State the costs of economic growth. (8 marks)

- Q.7 (a) State the methods used in price determination. (10 marks)
- (b) With reference to developing economies, discuss the limitations of development planning. (10 marks)
- Q.8 (a) Discuss **FIVE** factors to be considered when selecting a location for an industry. (10 marks)
- (b) Explain any **FIVE** causes of inflation in developing countries. (10 marks)