



# **THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE**

***Faculty of Business & Social Studies***

DEPARTMENT OF MEDIA STUDIES

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 Describe the following concepts as used by economist.
- (a) Scarcity (4 marks)
  - (b) Opportunity cost (4 marks)
  - (c) Law of demand (4 marks)
  - (d) Law of diminishing returns (4 marks)
  - (e) Micro and macro economics (4 marks)
- Q.2 With the help of well labeled diagrams/graphs explain the market equilibrium, excess supply and demand of a commodity. (20 marks)
- Q.3 (a) What are the factors that may influence the supply of a commodity at a specified period of time? (10 marks)
- (b) Discuss and explain the determination or factors influencing price elasticity of demand. (10 marks)
- Q.4 With an aid of a diagram, explain how a perfect competitive market makes losses. (20 marks)
- Q.5 (a) Discuss the welfare implications and criticism of monopoly. (10 marks)
- (b) Show short run equilibrium of a firm under monopolistic competition. (10 marks)
- Q.6 Explain the kinked demand model of oligopoly. What are its shortcomings? (20 marks)
- Q.7 Discuss the instruments of monetary policy. (20 marks)
- Q.8 (a) Define International Trade and discuss its assumptions. (10 marks)
- (b) Distinguish between commercial bank and non bank financial institutions. (10 marks)

