

**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: DECEMBER 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

1. (a) Briefly explain the following concepts as used in economics:

- (i) Law of demand
- (ii) Marginal rate of Substitution
- (iii) Gross National Product
- (iv) Income Consumption Curve
- (v) Total Product

(10 marks)

(b) Consider the following price and quantity demanded and quantity supplied for a market product.

Price (Shs.)	Quantity Demanded (Kgs)	Quantity Supplied (Kgs)
2	100	25
4	80	35
6	60	45
8	40	55
10	20	65
12	0	75

#### Required:

- (i) Determine the supply and demand functions. (6 marks)
  - (ii) Compute the equilibrium price and quantity. (4 marks)
- © Briefly discuss **THREE** functions money plays in an economy. (6 marks)
- (d) Outline **FOUR** factors that determine the level national income of a country. (4 marks)

## SECTION B

### QUESTION TWO

- (a) Differentiate between the indifference curve and budget line and briefly describe the properties of the indifference curve. **(10 marks)**
- (b) As a policy advisor to the government, you have been tasked to come up with any **FIVE** possible solutions to the problem of unemployment. **(10 marks)**

### QUESTION THREE

- (a) Explain **FIVE** factors that cause a rightward shift of the supply curve. **(10 marks)**
- (b) Discuss any **FIVE** features of a monopolistic type of a market structure. **(10 marks)**

### QUESTION FOUR

- (a) List and explain the **THREE** approaches that are used to measure the national income of a country. **(10 marks)**
- (b) Illustrate the effect of a decrease in price on the consumer equilibrium point. **(10 marks)**

### QUESTION FIVE

- (a) Illustrate **FIVE** factors that influence the level of economic growth in Kenya. **(10 marks)**
- (b) Briefly discuss **FIVE** sources of monopoly's power. **(10 marks)**