TECHNICAL UNIVERSITY OF   **MOMBASA**

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT

BLT 2102: INTRODUCTION TO ECONOMICS

END OF SEMESTER EXAMINATION

SERIES: APRIL, 2022

TIME: 2HOURS

DATE: Pick DateApr2022

Instructions to Candidates
You should have the following for this examination
-*Answer Booklet, examination pass and student ID*
This paper consists of **FIVE** questions. Attemptquestion ONE (Compulsory) and any other TWO questions.
Do not write on the question paper.

QUESTION ONE

(a) Distinguish between Microeconomics and Macroeconomics   **(6 Mks)**
(b) A Farmer processes vegetables for sale. Explain **three** factors that he should consider when settling the price for the vegetables.   **(6 Mks)**
(c) Suppose that the market for milk can be represented by the following equations: Demand: $P = 12 – 0.5Q$ Supply: $P = 0.1Q$
where P is the price per gallon, and Q represents quantity of milk, represented in millions of gallons of milk consumed per day.

   i) Calculate the equilibrium quantity of milk.   **(4 Mks)**

   ii) Calculate the equilibrium price of milk.   **(4 Mks)**

(d) Highlight **four** functions of money in a country.   **(4 Mks)**
(e) Explain any **three** advantages of international trade.   **(6Mks)**

QUESTION TWO

(a) Abdalla,who just completed his studies is looking forward to starting a restaurant business in Mombasa city. Explain any **four** factors that he should consider before initiating the business**.**

(10 Mks)

(b) Tourism business in Kenya is currently low. Discuss any **four** reasons why you think are the causes of the low rates of tourism business in Kenya   **(10 Mks)**

QUESTION THREE
   (a)   Small firms in Kenya have continued to survive irrespective of the many obstacles that have hindered.
         Discuss any **four** reasons for survival of these firms over time.   **(10 Mks)**
   (b) Explain **three** conceptual methods to measuring national income figures.   **(10 Mks)**

QUESTION FOUR
   (a) Inflation refers to persistent rise in the general price level. Point out **five** causes of inflation in Kenya.
                                                                                                (10 Mks)
   (b) Using graphs, distinguish between change in demand and change in quantity demanded.
                                                                                                (10 Mks)

QUESTION FIVE
   (a) Distinguish between the following economic terms:
       (i)   Gross Domestic Product Vs Gross National Product.
       (ii)   Scarcity Vs Opportunity cost.
       (iii)   Isocost line Vs budget line.
       (iv)   Structural unemployment Vs frictional unemployment.   **(10 Mks)**
   (b) Discuss any **four** conditions required for a market to be perfectly competitive.   **(10 Mks)**