

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
PROCUREMENT AND LOGISTICS MANAGEMENT**

BPLM 101: ECONOMICS

STREAMS: BPLM

TIME: 2 HOURS

DAY/DATE: TUESDAY 11/12/2018

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

QUESTION ONE

- (a) Differentiate between microeconomics and macroeconomics. (2 marks)
- (b) By use of a diagram, describe the circular flow of income for two sector economy. (4 marks)
- (c) Differentiate between the following
 - (i) Movement and shift in demand curve
 - (ii) Gross domestic product and gross national product
 - (iii) Consumption function and savings function
- (d) State four features of a perfectly competitive market. (4 marks)
- (e) Explain any three determinants of investment. (6 marks)
- (f) List any four types of unemployment. (4 marks)
- (g) Define the following terms as used in economics
 - (i) Demand (2 marks)
 - (ii) Inflation (2 marks)

QUESTION TWO

- (a) Describe how market equilibrium is determined in a perfectly competitive market, use appropriate diagram. (5 marks)
- (b) Discuss any four determinants of demand for a commodity, (8 marks)
- (c) State any three factors influencing supply of a commodity. (3 marks)
- (d) Use a production possibility frontier to demonstrate the concepts of scarcity and opportunity cost. (4 marks)

QUESTION THREE

- (a) Discuss THREE arguments for and THREE arguments against existence of monopoly. (12 marks)
- (b) State THREE features of an oligopoly market. (3 marks)
- (c) Given the following demand and supply functions
 - (a) $Q_D = 25 - 5P$
 - (b) $Q_S = 2.5 - 2.5P$Compute the equilibrium price and quantity. (5 marks)

QUESTION FOUR

- (a) Explain four factors that determine the size an economy national income. (8 marks)
- (b) Discuss 4 uses of national income statistics. (8 marks)
- (c) Explain any two causes of inflation. (4 marks)

QUESTION FIVE

- (a) Any four policies that your government should put in place to address unemployment. (8 marks)
 - (b) Give reasons why GDP per Capita is not a good measure of standards of living. (4 marks)
 - (c) State four determinants of consumption. (4 marks)
 - (d) Discuss two remedial measures the government should take to control inflation. (4 marks)
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