

**CHUKA**



**UNIVERSITY**

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**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF  
DIPLOMA IN PROCUREMENT AND LOGISTICS MANAGEMENT**

**DPLM 0141: INTRODUCTION TO ECONOMICS**

**STREAMS: DPLM**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 09/08/2018**

**11.30 AM – 1.30 PM**

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**INSTRUCTIONS:**

**Answer Question One and any other Two Questions**

**QUESTION ONE**

- (i) Differentiate between the following terms
- (a) Demand curve and Engels curve [2 marks]
  - (b) Leakages and injections [2 marks]
  - (c) Veblen goods and Giffen goods [2 marks]
  - (d) Inflation and Deflation [2 marks]
  - (e) Scarcity and Opportunity cost [2 marks]
- (ii) Differentiate between demand pull and cost push inflation and explain their causes. [6 marks]
- (iii) With the help of diagrams, discuss the types of cost curves [6 marks]
- (iv) Given the following equations,

$$Q_d = 3P^2 - 4p$$

$$Q_d = 24 - p^2$$

Determine:

- (a) The equilibrium price and equilibrium quantity. [4 marks]

- (b) Discuss the factors affecting quantity supplied. [4 marks]

**QUESTION TWO**

- (i) Discuss the assumptions of cardinal and ordinal approaches of measuring utility. [10 marks]
- (ii) With the aid of a diagram, discuss the simple circular flow of income model. [6 marks]
- (iii) Discuss the major goals of macroeconomics. [4 marks]

**QUESTION THREE**

- (i) Clearly explain the approaches used in measuring national income of a country. [6 marks]
- (ii) Discuss the exceptions to the law of demand. [6 marks]
- (iii) Discuss the properties and major functions of money. [8 marks]

**QUESTION FOUR**

- (i) Explain the major causes of unemployment in Kenya. [6 marks]
- (ii) Discuss the difficulties faced in measuring national income of a country. [6 marks]
- (iii) Discuss the factors that determine the size of a country's national income. [8 marks]
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