

**CHUKA**



**UNIVERSITY**

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**UNIVERSITY EXAMINATIONS  
RESIT/SPECIAL EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF CERTIFICATE IN BUSINESS MANAGEMENT  
AND CERTIFICATE IN PROCUREMENT AND LOGISTICS MANAGEMENT**

**CIBM 00121: INTRODUCTION TO ECONOMICS**

**STREAMS:**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 26/07/2018**

**2.30 P..M – 4.30 P.M**

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**INSTRUCTION:**

- **Answer question one and any two questions**

1. (a) Distinguish the following terms s used in economics

(i) Micro economics and macroeconomics [4marks]

(ii) Scarcity and opportunity cost [2marks]

(iii) Demand pull and cost push inflation. [4marks]

(b) Given the following data

$$Q_d = 20 - 2p$$

$$Q_s = -10 + 2p$$

(i) Find the equilibrium price and quantity. [4marks]

(ii) Draw a diagram to illustrate the equilibrium price and quantity for (i) above.

[4marks]

(iii) What will happen if the price was set below the equilibrium price? [2marks]

(c) (i) Differentiate between demand and supply [2marks]

(ii) Discuss the properties and characteristics of the indifference curves. [8marks]

2. (a) Highlight and explain the characteristics of monopoly. [10marks]  
(b) Discuss five types of unemployment. [10marks]
3. (a) (i) Explain 3 forms of inflation. [6marks]  
(ii) What are the remedies of inflation. [4marks]  
(b) (i) List 4 properties of money as a medium of exchange. [4marks]  
(ii) Explain 3 motives why people hold money. [6marks]
4. (a) (i) What is GNP. [2marks]  
(ii) Clearly discuss the three approaches to measurement of national income. [8marks]  
(b) (i) Discuss the determiners of supply. [6marks]  
(ii) Using a diagram, show the difference between movement along demand curve and shift of the demand curve. [4marks]
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