



KIBABII UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science Technology)

P.O. Box 1699-50200 Bungoma, Kenya

Tel. 020-2028660/0708-085934/0734-831729

E-mail: enquiries@kibabiiuniversity.ac.ke

Knowledge for Development

UNIVERSITY REGULAR EXAMINATION

1ST YEAR, 2ND SEMESTER

MAIN EXAMINATION

FOR THE DIPLOMA IN INFORMATION TECHNOLOGY

COURSE CODE: DIT 064

COURSE TITLE: PRINCIPLES OF ECONOMICS

DATE:

TIME:

INSTRUCTIONS

Answer questions ONE (compulsory) and any other TWO questions of your choice

SECTION A (COMPULSORY)

Question One

(20 marks)

Write short notes on the following:

- a) Specialization and exchange (5 marks)
- b) Economic activities in Kenya (5 marks)
- c) Partnerships (5 marks)
- d) Key assumptions commonly used in economics (5 marks)
- e) The budget (5 marks)
- f) Price theory (5 marks)
- g) Internal economies of scale (5 marks)
- h) Characteristics of money (5 marks)

SECTION B

Question two

(20 marks)

- a) Explain what is meant by the term 'income distribution'. (5 marks)
- b) Define 'nationalization' (5 marks)
- c) Identify a private sector in Kenya that you feel would operate better if it was to be nationalized. Give reasons to explain why you think this particular sector should be nationalized(10 marks)

Question three

(20 marks)

- a) The sum total of the economic resources which we have in order to provide for our economic wants, are termed as factors of production. Using your knowledge of economics, discuss the four classifications of these factors (15 marks)
- b) With the help of an illustration, explain the meaning of the term 'scarcity' as used in economics (5 marks)

Question four

(20 marks)

The central Bank of Kenya is owned and operated by the government of Kenya.

- a) Describe the banking system in Kenya (3 marks)
- b) Discuss the various functions of the Central bank of Kenya (10 marks)
- c) Commercial banks operate or have an account with the Central Bank
- i) Define the term 'Commercial Banks' (3 marks)
- j) Explain the following terms in relation to commercial banking in Kenya.
 - Bank deposits (2 marks)
 - Credit creation (2 marks)