



**KIBABII UNIVERSITY COLLEGE**

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**UNIVERSITY EXAMINATIONS**

**2012/ 2013 ACADEMIC YEAR**

**FOR THE DEGREE OF  
BUSINESS MANAGEMENT**

**COURSE CODE:** DIB 103

**COURSE TITLE:** ELEMENTS OF ECONOMICS

**DATE:** 22<sup>nd</sup> August 2013

**TIME:** 9.00am – 12 noon

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**Instructions to Candidates**

- Answer question one and any other two questions

### **QUESTION ONE**

- a) Explain the following terms as used in economics
  - i) Scarcity (3 marks)
  - ii) Choice (3 marks)
  - iii) Opportunity cost (3 marks)
  - iv) Normative economics (3 marks)
- b) Explain sources of monopoly power (10 marks)
- c) Explain causes of unemployment in Kenya

### **QUESTION TWO**

- a) Using relevant examples distinguish between perfect competitive market and oligopoly (10 marks)
- b) Examine measures used by central bank to curb inflation (10 marks)

### **QUESTION THREE**

- a) Discuss at least three types of inflation highlighting the uses of each
- b) Explain the impact of inflation to a country like Kenya (5 marks)

### **QUESTION FOUR**

- a) Discuss the term inferior goods (2 marks)
- b) Explain the law of supply (2 marks)
- c) Explain a situation where the law of supply is violated
- d) Explain the concept of consumer sovereignty (4 marks)
- e) Briefly explain the usefulness of the concepts of income elasticity of demand in decision making process (8 marks)