



# **KIBABII UNIVERSITY COLLEGE (KIBUCO)**

## **MAIN CAMPUS**

**UNIVERSITY EXAMINATIONS  
2014 /2015 ACADEMIC YEAR**

**FIRST YEAR FIRST SEMESTER EXAMINATIONS**

**MAIN EXAMINATION**

**DIPLOMA**

**IN**

**INFORMATION TECHNOLOGY**

**COURSE CODE: DIT 064**

**COURSE TITLE: PRINCIPLES OF ECONOMICS**

**DATE 13<sup>th</sup> January 2015**

**TIME: 9.00-11.00 a.m**

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**INSTRUCTIONS TO CANDIDATES:**

Answer Question ONE and any other Two Questions

TIME: 2 Hours

## **SECTION A- COMPULSORY**

### **QUESTION ONE (30 MARKS)**

- a) Define the term 'taxation' (3 marks)
- b) From your knowledge of economics, explain the terms 'choice and opportunity cost' (5 marks)
- c) Four distinct stages can be distinguished in the development of division of labour, which are these stages? (4 marks)
- d) Identify any two forms of business units that are common in Kenya; giving two characteristics and two advantages of each form. (12 marks)
- e) Supply of labour refers to the number of workers (or the number of labour hours) available to an economy. Explain any eight factors which determine the supply of labour in the economy of Kenya (6 marks)

## **SECTION B**

### **QUESTION TWO (20 MARKS)**

- a) Explain the meaning of the term 'employment' (3 marks)
- b) State and explain five alternatives to formal employment (5 marks)
- c) Define the term "industrial relations" (3 marks)
- d) Explain what is meant by 'employment discrimination' and state some of the forms of employment discrimination that you know of (9 marks)

### **QUESTION THREE (20 MARKS)**

- (a) Define the term 'tax' (4 marks)
- (b) Briefly outline and describe the two major classifications of taxes according to:
  - i) Impact of the tax (6 marks)
  - ii) Rates of the tax (10 marks)

### **QUESTION FOUR (20 MARKS)**

- a) With the help of an illustration, explain the meaning of the term 'scarcity' as used in economics (5 marks)
- b) The sum total of the economic resources which we have in order to provide for our economic wants, are termed as factors of production. Traditionally economists have identified these factors to be: land, capital labour & enterprise. Explaining three among these. (9 marks)
- c) Discuss any six functions of the Central Bank of Kenya (6 marks)

### **QUESTION FIVE (20 MARKS)**

- a) Define 'national income' (2 marks)
- b) Explain what the following concepts mean:

- i) Gross Domestic Product (4 marks)
- ii) Gross National Product (4 marks)
- c) "The size of a nation's income depends upon the quantity and quality of the factor endowments at its disposal" How true is this statement? (10 marks)