

Name _____

Index No. _____

2901/104 2906/105

2902/105 2909/105

2903/105 2924/105

Candidate's Signature _____

Date _____

ECONOMICS**July 2015****Time: 3 hours****THE KENYA NATIONAL EXAMINATIONS COUNCIL**

**DIPLOMA IN SECRETARIAL STUDIES
DIPLOMA IN SALES AND MARKETING
DIPLOMA IN SUPPLY CHAIN MANAGEMENT
DIPLOMA IN BUSINESS MANAGEMENT
DIPLOMA IN ROAD TRANSPORT MANAGEMENT
DIPLOMA IN INVESTMENTS
MODULE I**

ECONOMICS**3 hours****INSTRUCTIONS TO CANDIDATES***Write your name and index number in the spaces provided above.**Sign and write the date of the examination in the spaces provided above.**This paper consists of **SEVEN** questions.**Answer any **FIVE** questions in the spaces provided in this question paper.**All questions carry equal marks.**Do **NOT** remove any page from this question paper.**Candidates should answer the questions in English.***For Examiner's Use Only**

Question	1	2	3	4	5	6	7	TOTAL SCORE
Candidate's Score								

This paper consists of 16 printed pages.

**Candidates should check the question paper to ascertain that
all the pages are printed as indicated and that no questions are missing.**

1. (a) Explain the advantages of a planned economic system (10 marks)
(b) Describe the different types of price elasticity of demand. (10 marks)
2. (a) Explain the factors that could influence supply of a commodity in a given country. (12 marks)
(b) Using a diagram, describe the effects of a positive increase in demand on the equilibrium price. (8 marks)
3. (a) The efficiency of labour in a country depends on a number of factors. Highlight such factors. (10 marks)
(b) Highlight the features of a perfect market structure in a country. (10 marks)
4. (a) Puwa Limited, a multinational corporation operates as a monopoly. Outline the sources from where the company might have derived its monopolistic power from. (8 marks)
(b) Country Y is in the process of compiling the national income figures. Explain the uses of such figures. (12 marks)
5. (a) Explain the reasons that limit the value of numbers as a basis of comparison over long periods of time. (10 marks)
(b) There are certain limitations of levying heavy direct taxation on consumers. Explain these limitations. (10 marks)
6. (a) Explain the factors that could contribute to cost push inflation in a country. (10 marks)
(b) The theory of comparative advantage has certain assumptions. Outline these assumptions. (10 marks)
7. (a) Explain the common causes of unemployment in developing countries. (10 marks)
(b) One way of facilitating economic growth and development in a country is through promotion of private sector growth. Explain the ways in which the government would promote such growth. (10 marks)