

2428/102

**DEVELOPMENT ECONOMICS AND
ENTREPRENEURSHIP EDUCATION**

June/July 2019

Time: 3 hours



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN SOCIAL WORK AND COMMUNITY DEVELOPMENT
MODULE I**

DEVELOPMENT ECONOMICS AND ENTREPRENEURSHIP EDUCATION

3 hours

INSTRUCTIONS TO CANDIDATES

*This paper consists of **EIGHT** questions in **TWO** Sections; **A** and **B**.*

*Answer **FIVE** questions in the answer booklet provided as shown below:*

*any **TWO** questions from Section **A**;*

*any **TWO** questions from Section **B**;*

*any other **ONE** question from either section.*

Maximum marks for each part of a question are as indicated.

*Candidates should answer the questions in **English**.*

This paper consists of 3 printed pages.

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

Growth	Development
- Quantity above	Quality and Quality both.
- Temporarily	Permanent / Gradual.
- Rapid	Takes time
- May not change people's lives	May bring conflicts in people's lives

SECTION A: DEVELOPMENT ECONOMICS

Answer at least TWO questions from this section.

1. (a) Distinguish between the concepts 'economic growth' and 'economic development'. (4 marks)
- (b) Using a well-labelled diagram, illustrate the equilibrium position of a monopoly firm in long run. (12 marks)
- (c) Explain two factors that influence economic growth and development in a country. (4 marks)
 - Technology
 - Health & Sanitation
 - Literacy
 - Education
 - Infrastructure
 - Political Stability
2. (a) Describe five types of structural unemployment in a country. (10 marks)
 - 1. Cyclical
 - 2. Structural
 - 3. Frictional
 - 4. Seasonal
 - 5. Technological
- (b) Analyse five reasons that have forced developing countries to embrace development planning. (10 marks)
 - Maximum utilization of natural resources
 - Improve living standards
 - Counteract budget deficits
3. (a) Explain five limitations of 'optimum theory of population'. (10 marks)
- (b) Describe five roles of public expenditure in Kenya. (10 marks)
4. (a) (i) Distinguish between 'demand-pull' and 'cost-push inflation'. (4 marks)
- (ii) Explain four factors that influence demand-pull inflation. (8 marks)
 - Low production levels
 - High purchasing power
 - Natural calamities
 - Poor Govt Planning and
- (b) Describe four types of indirect taxes levied by the government of Kenya. (8 marks)
 - VAT → Value Added tax
 - Custom duty.
 - Customary tax.
 - PAYE - Pay as you earn A.D

Demand Pull → A type of inflation caused by increased aggregate demand which exceeds aggregate supply in an economy.
A.D exceeds A.S

Cost Push → A type of inflation that occurs due to increased cost of production that leads to high cost of goods and services in an economy.

SECTION B: ENTREPRENEURSHIP EDUCATION

Answer at least **TWO** questions from this section.

5. (a) Mr. Omondi Murungi is the owner of Taste and Take store. The store is not having permanent machineries and is housed on rented premises. Mr. Omondi Murungi's financiers have advised him to apply for a long term loan from the bank. Advice Mr. Omondi Murungi on factors that influence the amount to be borrowed from a bank.
- Interest rate ✓ - Credit rates. (10 marks)
- Duration of payment ✓ - Purpose.
- Capital amount ✓ - Govt policies (10 marks)
6. (a) Analyse five benefits of marketing to business firms.
- Customers.
- Customer feedbacks
- (a) Entrepreneurs encounter problems in managing business risks of their business. Explain five causes of entrepreneurs risks.
- Poor technology. (10 marks)
- Competition.
- (b) Identify five differences between a 'company' and a 'partnership'. (10 marks)
7. (a) Explain five benefits that accrue to an entrepreneur from embracing business ethics.
- Production may go high. - Quality goods and services. (10 marks)
- Customers. - Peace and stability at work place.
- High living standards. - Incentives from GOVT.
- (b) Describe the five stages in an entrepreneurship creative process. (10 marks)
Start-up, growth, maturity, Decline, Quit.
8. (a) (i) Explain the meaning of the concept 'innovation'. (2 marks)
- Coming up with new techniques of doing things to embrace production of quality goods and services.
- (ii) Describe four types of innovation. (8 marks)
- Technological.
- Social.
- (b) Analyse five cultural habits that promote entrepreneurial development in Kenya. (10 marks)
- Hardwork. - B/S Culture.
- Goal Orientation.
- Future Orientation.
- Money Orientation.
- Creativity.
- Attitude towards Innovation.

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