



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

DIPLOMA IN BUSINESS ADMINISTRATION & SUPPLY CHAIN MANAGEMENT

2903/105: ECONOMICS

DATE: 15/11/2019

TIME: 2.30-5.30 PM

---

## INSTRUCTIONS:

ATTEMPT ANY FIVE QUESTIONS.

1. a) Define the law of demand. (2 marks)
- b) Explain the purpose of production as a function in an organization. (8 marks)
- c) Explain five major factors affecting supply of sugar in Mandela County. (10 marks)
2. a) Explain five factors affecting demand of bread in Mombasa town. (10 marks)
- b) Describe the levels of production in economics. (10 marks)
3. a) Describe generally the importance of elasticity of demand. (10 marks)
- b) Explain the characteristic of human wants in the life of human beings. (10 marks)
4. a) Describe the major benefits of specialization in any organization. (10 marks)
- b) Explain the four big questions in economics. (10 marks)
5. a) Explain the circular flow of the national income. (10 marks)
- b) Highlight the features for indirect production in the economic activities. (10 marks)
6. Discuss all factors of production within a firm. (20 marks)
7. Discuss the common major types of economic systems of the world. (20 marks)