



MACHAKOS UNIVERSITY

University Examinations 2021/2022

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR FIRST TERM EXAMINATION FOR

DIPLOMA IN.....

ECONOMICS

DATE:

TIME:

INSTRUCTIONS

ANSWER ALL QUESTIONS

1.
 - a) Give the Meaning of the following terms
 - i. Scarcity (2 marks)
 - ii. Choice (2 marks)
 - iii. Elasticity (2 marks)
 - iv. Economic resource (2 marks)
 - b)
 - i. Differentiate between firm and industry. (8 marks)
 - ii. Highlight four factors that lead to abnormal supply curve. (4 marks)
2.
 - a) Explain factors determining mobility of labour. (10 marks)
 - b) Outline the different types of elasticity of supply. (10 marks)
3.
 - a) Differentiate between movement along and shift in demand curve (8 marks)
 - b) Outline four ways of determining price of a commodity. (4 marks)
 - c) Land as a factor of production possesses certain characteristics. Outline these characteristics (8 marks)
- 4.

- a) Describe the levels of production (6 marks)
 - b) High four exemptions to the law of demand (4 marks)
 - c) Explain five characteristics of human wants (10 marks)
- 5.
- a) Explain five advantages of planned system (10 marks)
 - b) Explain the factors that would influence a firm to charge a high price for its produce. (10 marks)