



MACHAKOS UNIVERSITY
DIPLOMA IN ACCOUNTS.

SCHOOL: OF BUSINESS. DEPARTMENT: OF BUSINESS ADMINISTRATION.

UNIT NAME: ECONOMICS. UNIT CODE:

ATTEMPT ANY FIVE QUESTIONS.

TIME:2 HOURS.

NB: ANY CHEATING WILL LEAD TO DISQUALIFICATION.

1. a) Human wants differ in different places and at different times. Explain human wants by showing their general characteristics (10 marks)
- b) Explain various types of human wants (10 marks)
2. a) Explain the major causes of abnormal demand (10 marks)
- b) Describe the levels of production which Mafriko Company limited would undergo in producing their products. (10 marks)
3. Discuss the factors of production that all business firms should put in to consideration. (20 marks)
4. Describe the functions of production to the industries.(20 Marks)
5. a) Explain the factors affecting demand of the consumers in Machakos town.(10 marks)

The table illustrates the demand and supply of a commodity.

Price	Quantity demanded kg per	Quantity supplied kg per

	month.	month
15.00	80	20
20.00	70	30
25.00	60	40
30.00	50	50
35.00	40	60
40.00	30	70

5. b) From the table above, explain:

i).The nature of the demand for the commodity.(2 marks)

ii).The nature of the supply of the commodity. (2 marks)

iii).The equilibrium price. (2 marks)

iv).The equilibrium quantity. (2marks)

v).Briefly explain demand in the economic context. (2 marks)

6. Discuss the types of production decisions made by a firm.(20 marks)

7.Discuss by illustrating a rightward shift in demand curve stating the reasons to the effect.(20 Marks)