



MURANGA UNIVERSITY COLLEGE

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

SUPPLEMENTARY/ SPECIAL UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FOR THE DIPLOMA

IN

BUSINESS MANAGEMENT & COOPERATIVE MANAGEMENT

COURSE CODE: BS1107

COURSE TITLE: ECONOMICS

TIME: 2 HOURS.

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE.

- a) What is Economics? Explain the reasons why economics problems arise. (5 marks.)
- b) It is important to study economics due to several reasons explain at least FIVE reasons. (10 marks.)
- c) What are human wants? Under the classification of human wants, discuss the two types with their subdivision. (10 marks.)
- d) Distinguish between Micro and Macro Economics. (5 marks.)

QUESTION TWO.

- a) Individuals and households freedom to decide for themselves what they want to buy has limitations. Discuss FIVE limitations.
- b) What is a centrally planned economy? What are its advantages? (10 marks.)

QUESTION THREE.

- a) Explain at least THREE reasons why a monopolistic market can be supported, and THREE reasons why it is not considered a good type of market. (12 marks.)
- b) Discuss the factors of production and their rewards. (8 marks.)

QUESTION FOUR.

- a) Discuss FIVE factors affecting the location of an industry. (10 marks.)
- b) The change in demand is not always proportionate to change in price. State and Explain less elastic demand, more elastic demand, inelastic demand and infinite elastic demand what they mean and use diagrams. (10 marks.)

QUESTION FIVE.

- a) Elasticity of supply depends on several factors. Discuss at least FIVE factors. (10 marks.)
- b) External economies of scale are important in policies of industrial allocation and are available to all firms. Illustrate the reasons why they arise. (10 marks.)