



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN BUSINESS MANAGEMENT

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

2903/105: ECONOMICS

DATE: 27/3/2020

TIME: 2.30-5.30 PM

INSTRUCTIONS:

ATTEMPT ANY FIVE QUESTIONS.

1. a) Explain five major determinants of supply of bread in Kitui County (10 marks)
b) Explain the purpose of production as a function in an organization. (10 marks)
2. a) Describe the levels of production in economics (12 marks)
b) Explain the causes of abnormal demand curves in the market. (8 marks)
3. a) Explain the factors affecting location of an industry (10 marks)
b) Explain the characteristic of human wants in the life of human beings (10 marks)
4. a) Explain the factors that determine the size of a firm (10 marks)
b) Explain the four big questions in economics (10 marks)
5. a) Explain the internal economies of scale that a firm enjoys due to its expansion (10 marks)
b) Explain the characteristics of a perfect competition market in the product market (10 marks)
6. Through illustration describe the shift in supply curve showing the factors that cause increase in supply. (20 marks)
7. Describe the advantages of the free market economy as a major world economy (20 marks)