



# MACHAKOS UNIVERSITY

University Examinations 2018/2019

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

CERTIFICATE IN SOCIAL AND COMMUNITY DEVELOPMENT

1410/203: ECONOMICS

DATE: 16/4/2019

TIME: 8.30-11.30 AM

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## INSTRUCTIONS

ANSWER ALL QUESTIONS

### QUESTION ONE (20 MARKS)

- a) Explain the importance of studying Economics in Social and Community Development. (10 marks)
- b) Explain the basic economic problem and how are communities tackle this problem. (10 marks)

### QUESTION TWO (20 MARKS)

- a) Define demand. Explain five factors that affect demand. (12 marks)
- b) Explain the implications of the levels of demand to the level of social welfare. (8 marks)

### QUESTION THREE (20 MARKS)

- a) Explain the concept of supply. Explain five determinants of supply of product in the market (12 marks)
- b) With well labeled diagrams distinguish between change in quantity supplied and change in supply of a product. (8 marks)

### QUESTION FOUR (20 MARKS)

With well labeled diagrams, discuss the effects of changes in demand and supply on equilibrium price and quantity. (20 marks)

### QUESTION FIVE (20 MARKS)

- a) Define production. Identify and explain four types of utilities production creates (10 marks)
- b) Differentiate between direct and indirect production. (10 marks)