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**University Examinations 2015/2016**

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

CERTIFICATE IN

BUSINESS ADMINISTRATION

**BEC 1101: INTRODUCTION TO ECONOMICS**

**DATE: AUGUST 2016 TIME: 1 ½ HOURS**

**INSTRUCTIONS:** *Answer question* ***one*** *and any other* ***two***questions.

**QUESTION ONE (30 MARKS)**

1. Briefly explain the following economic concepts
2. Scarcity (2 marks)
3. Demand (2 marks)
4. Opportunity cost (2 marks)
5. Economic system (2 marks)
6. Highlight four types of demand (4 marks)
7. Explain five factors that influence supply of a commodity. (5 marks)
8. List any five features of a perfect competition market. (5 marks)
9. Distinguish between a giften good and goods of ostentation (4 marks)
10. Define the term equilibrium (2 marks)

**QUESTION TWO (20 MARKS)**

1. Define the term consumer sovereignty (2 marks)
2. Explain the four factors that limit consumer sovereignty (8 marks)
3. Differentiate between economies of scale and diseconomies of scale. (4 marks)
4. Discuss various factors that determine elasticity of demand of a commodity. (6 marks)

**QUESTION THREE (20 MARKS)**

1. State and explain five advantages of a free market economy. (10 marks)
2. State and explain five economies of scale a firm is likely to enjoy if it expand (10 marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss advantages and disadvantages of a monopoly market. (10 marks)
2. Highlight five features of a planned economy. (10 marks)

**QUESTION FIVE (20 MARKS)**

1. Briefly explain the four factors of production (8 marks)
2. Using an example of your own, explain using a diagram the equilibrium price of a commodity of your choice. (12 marks)