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**University Examinations 2014/2015**

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS ADMINISTRATION

**CBA 0106: INTRODUCTION TO ECONOMICS**

**DATE: DECEMBER 2014 TIME: 1**$\frac{1}{2}$ **HOURS**

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

**QUESTION ONE (30 MARKS)**

1. Define the term Economics (2 marks)
2. State four factors of production and mention the reward for each factor (4 marks)
3. Highlight 5 factors that influence the demand of a commodity (5 marks)
4. Outline the characteristics of a perfect competition market (5 marks)
5. Highlight four factors that determine the price elasticity of supply (8 marks)
6. Explain two measures of the national income of an economy (4 marks)
7. How do we measure inflation in an economy? (2 marks)

**QUESTION TWO (20 MARKS)**

1. Distinguish between scarcity, choice and opportunity cost (3 marks)
2. Explain four reasons why it is important to study economics (4 marks)
3. Explain five indicators that measure the size of a firm (5 marks)
4. Highlighting three reasons that may lead to delocalisation of industry by the government (3 marks)

**QUESTION THREE (20 MARKS)**

1. Highlight five characteristics of human wants (10 marks)
2. With the aid of a diagram, distinguish between movement along the supply curve and a shift of the supply curve (10 marks)

**QUESTION FOUR (20 MARKS)**

1. Discuss 5 advantages of monopoly (10 marks)
2. Explain 5 reasons why firms may choose to remain small even when there are benefits of large scale production (10 marks)

**QUESTION FIVE (20 MARKS)**

Discuss five approaches the government can use to protect domestic firms from international competition