

**MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**P.O. Box 972-60200 – Meru-Kenya.**

**Tel: 020-2069349, 061-2309217. 064-30320 Cell phone: +254 712524293, +254 789151411**

**Fax: 064-30321**

**Website:** [**www.must.ac.ke**](http://www.must.ac.ke) **Email:** **info@must.ac.ke**

**University Examinations 2014/2015**

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS ADMINISTRATION

**BEC1102: INTRODUCTION TO ECONOMICS**

**DATE: AUGUST, 2015 TIME:** $1½ $**HOURS**

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

**QUESTION ONE (30 MARKS)**

1. What is meant by mobility of labour? (2 Marks)
2. Discuss various kinds of mobility of labour. (6 Marks)
3. Briefly explain four assumptions of law of demand. (8 Marks)
4. There are different functions of market. Explain three of them. (6 Marks)
5. Discuss four conditions of perfect competition. (4 Marks)
6. Outline four features of economic resources. (4 Marks)

**QUESTION TWO (20 MARKS)**

1. Discuss five factors of elasticity of supply. (10 Marks)
2. Explain three different factors that determine the extent of the market. (6 Marks)
3. Explain different types of capital. (4 Marks)

**QUESTION THREE (20 MARKS)**

1. Give five advantages of monopolistic competition form of market. (10 Marks)
2. Rise and fall in supply occurs due to the change is some factors. Explain five of these factors. (10 Marks)

**QUESTION FOUR (20 MARKS)**

1. There are certain other factors which can bring about a change in demand independently of a change in price. Explain six of these factors. (12 Marks)
2. Give four disadvantages of oligopoly form of product market. (8Marks)