MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC AFFAIRS
FIRST YEAR, FIRST SEMESTER

BACHELOR OF ARTS IN LANGUAGE AND COMMUNICATION STUDIES

COURSE CODE: LAC 1105-1
COURSE TITLE: ECONOMICS AND BUSINESS LITERACY

DATE: 5/2/2024   **TIME: 1430-1630 HRS**

INSTRUCTIONS:
- Attempt Question One **and** Any Other **Two** Questions: Clear Examples,
- Do Not Write On The Exam Question Paper.

QUESTION ONE

a) Write short notes on any 3 of the following economic concepts;
  i. Micro-economics vs macro-economics
  ii. Indifference curve vs Budget line
  iii. Scarcity
  iv. Choice
  v. Opportunity Cost

(Marks 6)

b) "Humans are rational beings" Discuss

(Marks 4)

c) Using suitable graphs, explain the three stages of variable proportions that would be experienced in production process in the short run. **(Marks 4)**

d) Discuss any three source of business finance, highlighting the various limitations of each source. **(Marks 6)**

QUESTION TWO

a) You are given the following economic functions

$$Q_1 = 36 - \frac{1}{3}p$$
$$Q_2 = -9 + \frac{1}{2}p$$

  i. Identify with reasons the demand and supply functions (**2 marks**)
  ii. Determine the equilibrium market price and quantity **(4 Marks)**

a) Discuss the various theories of entrepreneurship. **(9 Marks)**

QUESTION THREE

a) "Unemployment is a killer disease, responsible for tooth decay, wife battering amongst others". Discuss

(8 Marks)

b) With an aid of a diagram, illustrate the circular flow of income and expenditure in a two sector closed economy.

(4 Marks)

c) Explain the concept of 'closed economy in 3(ii) above.

(3 Marks)

QUESTION FOUR

Write short notes on either one of the following economic concepts:
  i. Ordinal theory of consumer behavior
  ii. Cardinal theory of consumer behavior

(5 Marks)

a) Discuss any two form of business organizations, highlight their respective advantages and disadvantages.

(10 Marks)

/End/