



**THE KENYA POLYTECHNIC UNIVERSITY**

**COLLEGE**

**DEPARTMENT OF INSTITUTIONAL MANAGEMENT**

**DIPLOMA IN CLOTHING TECHNOLOGY**

**END OF YEAR I EXAMINATIONS**

**NOVEMBER 2007 SERIES**

**BUSINESS STUDIES**

**(ECONOMICS/COMMERCE)**

**3 HOURS**

**Instructions to Candidates:**

*This paper consists of two sections, Section A and Section B*

*Answer all questions in both sections*

This paper consists of 2 printed pages

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**SECTION A :    COMMERCE**

**(50MARKS)**

*Answer all questions*

1.     The diversification of natural resources and increased human wants are some of the factors which lead to the growth and development of commerce. Discuss. (10 marks)
2.     Explain the four forms of specialization giving example in each case.(10 marks)
3.     Explain the following:  
          i)     Fixed shops                    ii)     Tied shops  
          iii)    Itinerant traders        iv)     Hawkers  
          v)     Supermarkets (10 marks)
4.     Discuss labour and capital as factors of production. (10 marks)
5.     Explain the main features of a company which makes it a unique form of business organization. (10 marks)

**SECTION B:    ECONOMICS**

**(50MARKS)**

*Answer all questions*

6.     Define the following economics terms.  
          i) Joint Demand                    ii)     Economics  
          iii) Resources                    iv) Opportunity cost  
          v) Wants (5 marks)
7.     Write notes on factors of production (12 marks)
8.     Increase in population is good for economic growth. Discuss. (6 marks)
9.     Explain FIVE factors that determine the demand of a product. (10 marks)
10.    Explain FOUR social economic problems caused by rural-urban migration. (8 marks)
11.    Discuss THREE factors that determine the supply of labour (9marks)