

BUSINESS STUDIES MARKING SCHEME

1. Explain the term demand (2mks)

Refers to the quantity of a Commodity that buyers are willing to and able to buy at a given price over a given period of time

2. Give 3 functions of co-operative societies.(3mks)

- ✓ **Offering credit facilities to members**
- ✓ **Negotiating for better prices for the members products**
- ✓ **Providing education and better production methods**
- ✓ **Looking for markets**
- ✓ **Offer transport/storage facilities**

3. Explain the concept of scarcity, choice and opportunity cost.(3mks)

Scarcity is a situation where by resources are scarce in comparison to human needs/wants which are unlimited.

Choice- human beings have to make on what to buy with the scarce resources.

Opportunity cost- whatever one buys , he foregoes the other. This is the alternative on the values foregone.

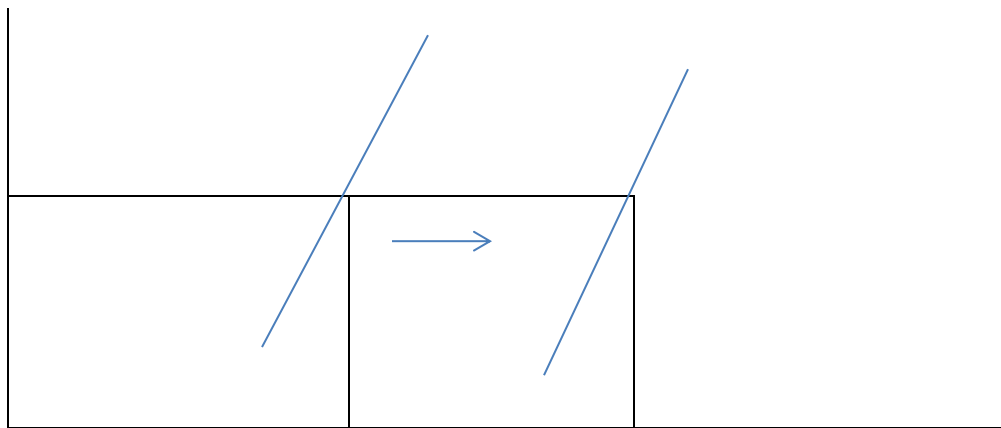
4. Give the 2 types of goods which may **NOT** be affected by the law of demand.(2mks)

- ✓ **Inferior goods**
- ✓ **Prestigious/ostenenious goods**

5. Give four factors that may affect the demand of a commodity.(4mks)

- **Price of the commodity**
- ✓ **Level of consumer income**
- ✓ **Prices of other related goods**
- ✓ **Changes in fashion, tastes and preferences**
- ✓ **Government policy**
- ✓ **Changes in population**
- ✓ **Seasonal changes**
- ✓ **Distribution of incomes**

6. The diagram below represents a shift on the supply curve.



Give 4 reasons why SS has shifted to S1S1.(4mks)

- ✓ **Improved technology on production**
- ✓ **Favourable weather conditions**
- ✓ **Favourable changes in government policy**
- ✓ **A decrease in cost of production**
- ✓ **Expected fall in price in the future**

7. Give three other methods that may be used in determining the price other than through the forces of demand and supply. (4mks)

- ✓ **Government intervention**
- ✓ **Haggling/bargaining**
- ✓ **Auction**
- ✓ **tendering**

8. Give 4 incentives those can be given by the government to encourage development of firms. (4mks)

- ✓ **Offering cheap /free land**
- ✓ **Reduction of taxes**
- ✓ **Offering subsidies**
- ✓ **Offering financial assistance**
- ✓ **Improving infrastructure ,security e.t.c**

9. Briefly explain 4 factors to be considered by a firm before embarking on the production of a particular product. (8mks)

- ✓ **Profitability**
 - ✓ **Level of competition**
 - ✓ **Availability of resources**
 - ✓ **Government policy**
 - ✓ **Cost of production**
 - ✓ **Demand/market for the product**
- n.b each point must be fully explained**

10. Explain 4 disadvantages of firm delocalization. (8mks)

- ✓ **Spread of pollution**
- ✓ **Skilled labour may not be easily available**
- ✓ **Security may be a problem in some areas**
- ✓ **Service industries may not be available.**

n.b each point must be fully explained

11. Explain 4 factors which have contributed to existence of small firms in any economy dominated by big businesses.(8mks)

- ✓ **Size of market**
- ✓ **Nature of products**
- ✓ **Simplicity of the organisation**
- ✓ **Flexibility of the firms**
- ✓ **Quick decision making**
- ✓ **More manageable**
- ✓ **Retain control**
- ✓ **Few legal processes**

n.b each point must be fully explained