**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.

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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 4 explain 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**