

# **BUSINESS STUDIES**

## **FORM 3**

### **MID TERM 2 2025**

### **MARKING SCHEME**

#### **SECTION A**

1. State **four** circumstances that make rail transport more desirable than road -
  - *When goods are bulky*
  - *When goods are heavy*
  - *Where the distance is long*
  - *When transporting livestock*
  - *Where railway tracts are laid*
2. Highlight **four** measures that the government can take to make road transport in our

Country to be more efficient

- *Increased use of pipelines*
- *Increased use of trains /Expansion of Runway*
- *Building dual carriage ways*
- *Policies that encourage vehicles of larger carrying capacities*
- *Discouraging use of personal vehicles*
- *Ensure road worthy vehicles*

3. State **four** factors that affect the circular flow of income in an economy
  - *Savings*
  - *Investments*
  - *Foreign trade*
  - *Taxation (government interference)*
4. Name **three** approaches for measuring national income
  - *Income approach*
  - *Output approach*
  - *Expenditure approach*

5. State **four** factors that may limit an individual ability to satisfy his basic wants
  - *Low income /poverty/unemployment*
  - *High prices of goods and service*

- *Poor quality of goods and service*
- *Political instability*
- *Poor health of an individual*

6 State **four** characteristics of basic human wants

- *They are felt needs*
- *They cannot be postponed*
- *They are satisfied before secondary wants*
- *One cannot do without them*

7 State any **three** forms of after sales services offered to customers

- *Free of charge repair for a specific period*
- *Servicing of the equipment at regular intervals free or at a very reasonable rate*
- *Availability of spares*
- *To provide transport if required*

8 Elgon industries a producer of sweets and chocolates wants to launch its products in the Market. Outline **four** factors the firm should consider when choosing an appropriate medium

for promotion Target group who are mostly young people

- *Availability of the medium*
- *Cost of medium*
- *Geographical area to ensure reach ability*
- *Speed/ urgency of the promotion*
- *Flexibility*
- *Physical characteristics of the medium*
- *Legal requirement/ Government policy should be complied with*
- *Duration of the promotion*

## **SECTION B**

1. Explain **five** circumstances under which personal selling would be the most appropriate method of promoting a product

- *When launching anew product as it requires a lot of awareness creation; persuasion and convincing*
- *When a product is tailored to meet customers specifications since customer have varying tastes and preferences*
- *When demonstration is required especially in technical goods whose operations need to be explained*

- *When the value of the product is high in order to avoid the risk of losing the item if other methods are used*
- *When the organization can afford to finance the sales force since the cost of maintaining the team can be very high*
- *Where the market is concentrated in one area as the cost of accessing the market is less*

2. Highlight **five** sales promotional methods which may be used by traders to increase their sales

- *Displays – traders neatly arrange their goods to attract potential customers*
- *Discounts /allowance – price concessions and reductions which makes price of goods relatively cheaper*
- *Free gifts /bonus – inducements given to buyers who purchase upto a given quantity of specific value*
- *Credit facilities – These involves giving customers goods on credit so that they pay later*
- *shows and exhibitions – where producers take their products to shows and exhibitions*
- *After sales services – providing extra services to buyers after they have bought goods e.g. – transportation, installation, repairs, maintenance*

3. Discuss **five** problems that are encountered in measuring National income in your country.

- *Problem of subsistence production and other non- marked production activities may not be valued e.g Illegal activities. Are non- marketed production activities to be included*
- *Inadequate and inaccurate data as well as all production activities may not be recorded*
- *Inadequate qualified personnel to collect and compile data.*
- *Determining what to include and what not to indulge*
- *Inadequate resources to finance the gathering of relevant information*
- *Danger of double counting where there are transfer payments such as student's grants and*
- *Problem in value of intermediate goods is involved*
- *Problem of using market prices where indirect taxes and subsidies have to be taken care of*
- *Appreciation in the value of assets over the years*
- *Problem of estimating depreciation when calculating Net National Income*

