



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CEC111
COURSE TITLE: Principles of Economics
SPECIAL REQUIREMENTS : Graph Papers
Non-programmable calculators
DURATION : 3 Hours
LEVEL : 1.1
DATE : 02 AUG 2023

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer any **FOUR (4)** questions.
3. The number of marks for each question or part question is shown in brackets []
4. Begin each question on a new page.

QUESTION ONE

- a) Explain the term *economic efficiency* [10]
- b) A free market economy is regarded as '*the best*' in allocating economic resources. Discuss the validity of this assertion. [15]

QUESTION TWO

- a) With examples from your country, explain what is meant by goods with price elastic and price inelastic demand [10]
- b) Are price and income elasticity concepts of importance in formulating government policy in your country? [15]

QUESTION THREE

- a) Briefly explain the approaches used in measuring economic activity in your country [10]
- b) Explain the challenges faced by the authorities in measuring economic activity in your country and propose solutions to the problems [15]

QUESTION FOUR

- a) For what reasons might central authorities intervene in economic activities in a country? [10]
- b) Discuss the implications on efficiency of government intervention in economic activities? [15]

QUESTION FIVE

- a) Explain the causes of inflation in Zimbabwe [10]
- b) How effective is the interventions taken by the government of Zimbabwe in controlling inflation since 2019 [15]

END OF PAPER

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