



ZIMBABWE EZEKIEL

GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CEC 111

COURSE TITLE : Principles of Economics

SPECIAL REQUIREMENTS : **Non-programmable calculator**
Graph paper

DURATION : 3 Hours

LEVEL : 1.1

DATE : 12 FEB 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue
2. Use of silent, non-programmable calculators is allowed
3. Answer **ANY FOUR (4) questions**.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []

QUESTION 1

a) Using diagrams show when consumer equilibrium occurs under indifference curve analysis.

[10 marks]

b) Explain the difference between fixed and variable costs.

[5 marks]

c) Explain the meaning of zero-sum in game theory.

[2 marks]

d) Consider how the negative externalities from concentrated industrial production can be reduced.

[8 marks]

QUESTION 2

a) A student is concerned about satisfaction he derives from attending a lectures. He provided the following information

Lectures attended per week	Total Utility	Marginal Utility
1	20	
2	40	
3	70	
4	150	
5	200	
6	230	
7	240	
8		-1
9	215	
10		-15

Required

i) Complete the table

[10 marks]

ii) Graphically present total utility and marginal utility derived by the student

[5 marks]

b) Clearly explain the properties of indifference curves

[10 marks]

QUESTION 3

It is important to achieve economic efficiency in the use of resources. This can only be done if the private sector is increased in size. Government intervention in the economy should, therefore, be minimised.

To what extent do you support this argument?

[25 marks]

QUESTION 4

a) Define Money.

[2 Marks]

b) Briefly explain any three functions of money

[6 marks]

c) Explain the main components of the balance of payments

[8 marks]

d) Zimbabwe has been have a balance of payment problem over the years. A commentator Mr. Mumba stated that the Balance of Payment deficit is not good for the country. To what extent do you agree with this statement by Mr. Mumba?

[9 marks]

QUESTION 5

a) Explain the concepts of elasticity.

[10 marks]

b) How useful are the concepts of elasticity to a producer of maize and the government of Zimbabwe.

[15 marks]