



ZIMBABWE EZEKIEL GUTI UNIVERSITY
COLLEGE FOR LIFELONG LEARNING.

Faculty of Law, Business Intelligence and Economics.

DIPLOMA IN FINANCIAL ACCOUNTING

COURSE CODE : DAF 113.
COURSE TITLE : BASIC BUSINESS ECONOMICS
SPECIAL REQUIREMENTS : NONE

DURATION : 2 Hours
LEVEL : 1.1
DATE : 30.7.24.

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Question 1 (Section A) is compulsory. In Section B, choose and answer any Three (3) questions.
3. The number of marks for each question or part question is shown in brackets []
4. Begin each answer on a new page.
5. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

SECTION A. ANSWER ALL QUESTIONS

Section A is a compulsory question, total 25 marks.

Answer all questions

1. Explain the following concepts:

a) (i) Demand function

(3 MARKS)

(ii) Elasticity of demand

(3 MARKS)

(iii) Income elasticity of demand

(3 MARKS)

(iv) Cross elasticity of demand

(4 MARKS)

b) (i) Short run production function/ Law of variable proportions (3 MARKS)

(ii) Long run production function/ Laws of returns to scale

(3 MARKS)

(iii) Economies of scale

(3 MARKS)

(iv) Diseconomies of scale

(3 MARKS)

Total

(25 marks)

Section B

ANSWER ANY 3 QUESTIONS, EACH CARRIES 25 MARKS, TOTAL 75 MARKS.

Section B- Answer any 3 questions, each carries 25 marks, total 75 marks.

1. (a) Discuss the relationship between Total Revenue, Average Revenue and Marginal Revenue under perfect competition.. (8 marks)

(b) Discuss the relationship between Total Revenue, Average Revenue and Marginal Revenue under monopoly. **(8marks)**

(c) Explain the concept of Opportunity cost. **(4 marks)**

(d) Fixed cost and Variable cost **(5 marks)**

Total

(25 marks)

2. (a) Distinguish using relevant examples, perfect competition and monopoly. **(10 marks)**

(b) Explain the following concepts giving examples: (i) Price discrimination **(5 marks)**

(ii) Public goods

(5 marks)

(iii) Micro economics

(5 marks)

3. (a) Distinguish between: a) Micro economics and Macro economics **(8 marks)**

(b) Explain the concept of Ceteris Paribus assumption **(5 marks)**

(c) Examine the various causes of inflation in Zimbabwe **(12 marks)**

Total

(25 marks)

4. (a) Discuss the various measures to control inflation. **(10 marks)**

(b) Distinguish between Increasing returns to scale and Decreasing returns to scale **(5 marks)**

(c) Explain the necessary and sufficient conditions for Consumer's equilibrium
(10 marks)

Total

(25 marks)

End of examination paper