



BOWEN UNIVERSITY
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES
ECONOMICS PROGRAMME
BSc DEGREE 2022/2023 ACADEMIC SESSION
SECOND SEMESTER EXAMINATION

COURSE CODE: ECN 216

Course credit: 2

COURSE TITLE: Business Economics

Time Allowed: 2 hours

Instruction: Answer question one and any other two

Question 1

- (a) International trade plays a crucial role in today's global economy. Define international trade and discuss its significance in promoting economic growth and fostering global cooperation, using examples to illustrate your points. (15 marks)
- (b) Briefly explain Absolute and Comparative cost advantage (5 marks)
- (c) A hypothetical country X can produce 5 barrels of oil in 1hr while country Y will produce 10 barrels in 1hr, country X can produce 20 Tons of cocoa in 1hr while country Y will produce 10Tons in 1Hr. Using the theory of absolute advantage,
 - (i) Calculate the total trade before and after specialization
 - (ii) Calculate the gain from trade after specialization (10 marks)

Question 2

- (a) Define Time value of money (5 marks)
- (b) You are considering investing in a mutual fund that has historically provided an average annual return of 8%. The current value of the investment is \$10,000. Calculate the future value of the investment after 5 years if you decide to leave the funds untouched and assume the return remains consistent. (15 Marks)

Question 3

- (a) Explain the concept of Business Economics and discuss its significance in understanding the economic behavior of firms and the business environment. (5 marks)
- (b) Discuss FOUR objectives of Business Economics (8 marks)
- (c) List and explain four features of Utility (7 marks)

Question 4

- (a) Define the concept of utility in economics and discuss its significance in understanding consumer behavior and decision-making. (5 marks)
- (b) Discuss three significant scopes of Business Economics and their relevance in understanding the economic behaviour of firms and the business environment. (8 marks)
- (c) Marginal utility can be (i) positive, (ii) zero, or (iii) negative. Discuss (7 marks)

Question 5

- (a) Economists suggest that "WANT" has three attributes. Discuss these attributes and their significance in understanding human behaviour and economic decision making. (7 marks)
- (b) The downward slope of the demand curve depicts the law of demand. Discuss three factors that make the law of demand operate. (7 marks)
- (c) Economic theory has approached the problem of determination of consumer's equilibrium in two different ways. Discuss the two approaches and their significance in understanding consumer behaviour. (6 marks)