

**BOWEN UNIVERSITY**  
**COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES**  
**ECONOMICS PROGRAMME**  
**BSC DEGREE EXAMINATION**  
**FIRST SEMESTER 2020/2021 ACADEMIC SESSION**

**COURSE CODE: ECN 216 (3 Credits)**  
**MARCH, 2021**

**COURSE TITLE: Business Economics**  
**TIME ALLOWED: 2 hours 30 minutes**

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**INSTRUCTION: ANSWER ALL QUESTIONS IN SECTION AND TWO IN SECTION B**

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**SECTION A (40 marks)**

1. Business Economics helps to achieve goals. (a) True (b) false
2. Business Economics is ..... (a) Micro (b) macro (c) trading
3. Business economics applies economic theory. (a) True (b) false
4. In Business Economics, there is uniformity of views among authors. (a) True (b) false
5. Production analysis is broader, in scope than cost analysis. (a) True (b) false
6. An element of cost uncertainty exists because all the factors determining costs are not known. (a) True (b) false
7. Production analysis frequently proceeds in monetary terms while cost analysis proceeds in physical terms. (a) True (b) false
8. A firm's revenue is largely determined by its pricing decision. (a) True (b) false
9. Profit analysis is difficult because. (a) Difficulty in cost analysis (b) lack of knowledge of the future (c) risk (d) managerial incompetence
10. Firms' success is measured by their: (a) Long run profits (b) short run profit (c) productivity (d) large scale production
11. A consumer is at equilibrium when: (a)  $MU_m = P_o > MU_o$  (b)  $MU_m = P_o = MU_o$  (c)  $MU_m < P_o = MU_o$  (d)  $MU_m < P_o > MU_o$
12. Capital investment is relatively easy for business managers. (a) True (b) false
13. Business Economics is prescriptive rather than descriptive. (a) True (b) false
14. Utility of a good remains constant after successive consumption of the good. (a) True (b) false

15. The information regarding future demand is essential for purchase of raw materials. (a) True (b) false
16. rational investors prefer to receive money today rather than the same amount of money in the future. (a) true (b) false
17. On the average, home trade incurs more cost than international trade. (a) True (b) False
18. If by consuming additional units of a commodity, total utility goes on increasing, marginal utility will be .....
19. When marginal utility is zero or total utility is .....
20. The approach to the theory of consumer behaviour that assumes the measurability of utility is ..... Cardinal approach

#### SECTION B

**Answer Two questions only (15 marks each)**

1. Define Business Economics
  - b State and explain four objectives of Business economics
  
2. State the Law of demand
  - b Discuss the following concepts
    - i. Macro-economics and Micro-economics
    - ii. Positive and Normative economics
  
3. Define Time value of money
  - b Explain four features of Utility