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**DMI-ST. EUGENE UNIVERSITY
DEGREE EXAMINATION – DECEMBER – 2022**

SEM: II

551/552MG23 BUSINESS ECONOMICS

Time: 3 Hours

Max. Marks: 100

Answer any Five questions (5 x 20 = 100 Marks)

1. a) A business economist's job is to analyse a firm's current strategy and future plans using modern economic theory and data. The firm will then use the results of the assessment to make better decisions and maximise profit. Describe the extent to which a business economist will be relevant to a firm. [10 Marks]
- b) Outline and very briefly explain the characteristic features of Business Economics. [10 Marks]
2. a) Discuss in detail on individual demand and market demand. [10 Marks]
- b) You have been appointed as the President of the Economic Association of Zambia. Discuss the types of elasticity of demand [10 Marks]
3. a) Discuss in detail the Types or forms of law of return. (10marks)
- b) Explain the following Concept of Product
 - i. Total product(5marks)
 - ii. Marginal product(3marks)
 - iii. Average Product(2marks)
4. a) Explain why prices might fluctuate less in an oligopolistic market than in a perfectly competitive market[10 Marks]
- b) What is the difference between perfect competition and Monopoly?[10 Marks]
5. a) List and briefly explain the methods used to measure National Income [9 Marks]
- b) Define Disposable Income. Ms Mandevu has a total gross annual income of K80,000 and the income tax rate is 20%. Calculate her disposable income. [7 Marks]
- c) In a single year, the following transactions (in Kwacha) were made in Zambia:
 - i. Earnings from rent = K5,000
 - ii. Dividends = K2,000
 - iii. Mixed income = K6,000

iv. Interest = K170

v. Net Factor income from abroad = K1,000

vi. Personal taxes = K210

vii. Total wages = K12,000

Required:

Compute National Income[4 Marks]

6. a) Suppose 10 units of a commodity are demanded at a price of K4 each. If 12 units of the commodity are demanded at a price of K3 each elasticity of demand for this commodity can be calculated as[5 Marks]
- b) Discuss in detail the determinants of market demand[10 Marks]
- c) Explain in brief the concept of demand function.[5 Marks]
7. a) Explain the Causes of monopoly in Zambia. [10 Marks]
- b) Discuss the Classification of Markets with practical examples. [10 Marks]