Testing the applications accuracy

1. Define Business Studies.

Refers to any activity that is carried out by an individual or an organization concerned with provision of goods and services with the aim of making profits.

OR

It is the study of the activities that are carried out in and around production, distribution and consumption of goods and services

1. Briefly explain five positive effects of inflation in the economy.

• Mild inflation motivates people to work hard as they try to cope with the effects of the inflation in order to maintain their standards of living.

• Mild inflation encourages proper utilization of resources with an attempt of avoiding wastage as much as possible.

• Mild inflation increases investment especially in trading activities since sellers buy goods when prices are low and sell later when prices are higher.

• It promotes creativity in an economy in terms of production in order to survive the effects of inflation.

• It benefits debtors since they obtain goods on credit and pay for them in future at the old low prices.

3.State five factors that may hinder development in a country.

• Low natural resource endowment.

• Inadequate capital.

• Poor technology used.

• Poor human resource endowment.

• Unfavorable domestic environment.