



ZIMBABWE

**MINISTRY OF HIGHER AND TERTIARY EDUCATION,
SCIENCE AND TECHNOLOGY DEVELOPMENT**

**HIGHER EDUCATION EXAMINATIONS COUNCIL
(HEXCO)**

NATIONAL DIPLOMA

IN

**TOURISM AND HOSPITALITY MANAGEMENT / FOOD AND BEVERAGE
MANAGEMENT / PROFESSIONAL COOKERY AND BAKERY STUDIES**

SUBJECT: Principles of Economics

PAPER NO: 534/S03

DURATION: 3 Hours

OCTOBER / NOVEMBER 2014 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer only five (5) questions from this paper.
2. Start each question on a fresh page.

This paper consists of 3 printed pages.

QUESTION 1

- a) Discuss the main features of a
- i) Command economy (5 marks)
 - ii) Market economy (5 marks)
 - iii) Mixed economy (5 marks)
- b) Distinguish between a command mechanism and a market mechanism. (5 marks)

QUESTION 2

- a) Distinguish between micro-economics and macro-economics. (4 marks)
- b) Clearly outline the major causes of inflation. (16 marks)

QUESTION 3

- a) Distinguish between price elasticity of demand and cross elasticity of demand. (8 marks)
- b) Identify and explain the factors affecting price elasticity of demand. (12 marks)

QUESTION 4

- a) Define the term demand. (2 marks)
- b) State and explain determinants of demand and how each determinant affects quantity demanded. (18 marks)

QUESTION 5

Discuss the measures that can be adopted by a government faced with a balance of payment deficit. (20 marks)

QUESTION 6

- a) Explain the basic functions of banks? (8 marks)
- b) Explain the importance of banks to commerce and industry. (12 marks)

