ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

TOURISM AND HOSPITALITY MANAGEMENT, PROFESSIONAL COOKERY, BAKING TECHNOLOGY AND MANAGEMENT, AND FOOD AND BEVERAGE MANAGEMENT

SUBJECT: Principles of Economics

PAPER NO: 534/15/S03

DURATION: 3 Hours

MARCH/APRIL 2020 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

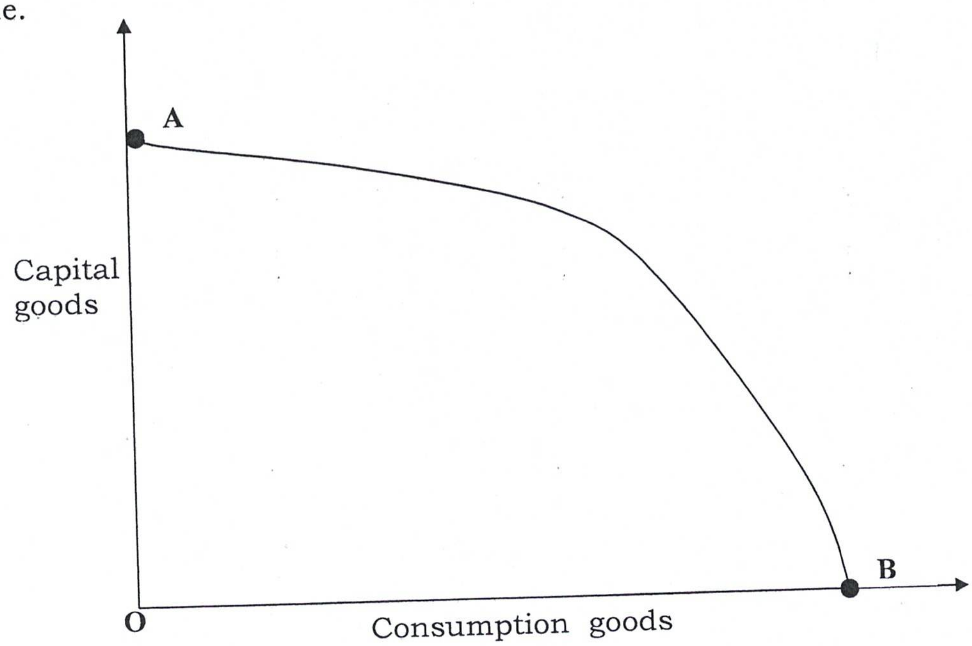
1. Answer ANY FIVE (5) questions.
2. All questions carry equal marks.

PAPER NO:534/15/S03 – PRINCIPLES OF ECONOMICS

QUESTION 1

(a) Distinguish between economic and non - economic resources. Give one example in each case. (6 marks)

(b) Below is a production possibility frontier for an economy at a given point in time.



Required:

(i) Account for the shape of the Production Possibility Frontier (PPF) (6 marks)

(ii) Make a comparison of positions of A and B. (4 marks)

(iii) Illustrate the point between A and B which will give a higher standard of living in the future. Give reasons. (4 marks)

QUESTION 2

(a) Explain the concepts of scarcity and choice. (10 marks)

(b) Define the following terms as used in economics

(i) Income elasticity of demand. (2 ½ marks)

(ii) Arc elasticity of demand (2 ½ marks)

(iii) Gross elasticity of demand (2 ½ marks)

(iv) Price elasticity of demand (2 ½ marks)

QUESTION 3

Analyse the changes in determinants of demand which can cause the demand curve to shift. (20 marks)

QUESTION 4

(a) Explain five reasons why profits vary form firm to firm. (10 marks)

(b) Resources (factor of production) are limited in supply (scarce). With the aid of examples explain four factors of production. (10 marks)

QUESTION 5

(a) Explain and evaluate five economic reasons for trying to resist imports. (10 marks)

(b) Describe the components of Money in Zimbabwe. (10 marks)

QUESTION 6

(a) With the aid of diagrams, state and explain the factors that affect demand of a normal good / product. (10 marks)

(b) Compare and contrast in five ways perfect competition and monopoly market structures. (10 marks)

QUESTION 7

(a) Describe the main functions of profit in a firm. (5 marks)

(b) Explain five ways a government uses to regulate monopolies.(5 marks)

(c) Identify and explain five methods used in Protectionism. (5 marks)

(d) Explain three functions of money in an economy. (5 marks)

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