ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

LOGISTICS AND TRANSPORT MANAGEMENT

MODULE: Transport Economics **PAPER NO: 550/23/M05**

DURATION: 3 hours

NOVEMBER/DECEMBER 2025 EXAMINATION

REQUIREMENTS

1. Blue pen
2. Calculator
3. Ruler

INSTRUCTIONS TO CANDIDATE

1. Section A – Compulsory.

2. Section B – Answer any three (3) questions.

This paper consists of 3 printed pages.

SECTION A [40 marks]

Compulsory

QUESTION 1

TPL Company has an option to either buy vehicles or increase number of drivers in its bid to cope up with expansion. The table 1.1 shows the options.

Table 1 option either to buy vehicles or increase number of drivers.

Options	Number of drivers	Number of vehicles
1	100	10
2	80	20
3	60	30
4	40	40
5	20	50

a) Draw production possibility curve (PPC) as a model to make decision. Highlight scarcity, choice and opportunity costs. (15 marks)

b) Determine the opportunity cost of increasing vehicles from 20 to 30. Show it on the diagram. (5 marks)

QUESTION 2

Referring to company accounts of your choice, analyse five (5) components of working capital. (20 marks)

SECTION B [60 marks]

Answer any three (3) questions.

QUESTION 3

Apply yield management in our transport as a way to match supply to demand. (20 marks)

QUESTION 4

Identify and explain any five (5) types of transport costs in economics. (20 marks)

QUESTION 5

Define the following terms as used in transport economics.

a) Externalities (5 marks)

b) Cross-subsidy (5 marks)

c) Cost-benefit analysis (5 marks)

d) Economies of scale (5 marks)

QUESTION 6

"Transport is an economic catalyst". Discuss. (20 marks)

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