



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

BACHELOR OF COMMERCE HONOURS DEGREE IN LOGISTICS
AND SUPPLY CHAIN MANAGEMENT

PRINCIPLES OF ECONOMICS

HLSM 117

PART 1 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: DECEMBER 2022

TIME: 3 HOURS

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. Graphically explain the economy's production possibility frontier in terms of economic growth. (25)
2. Explain the following terms as they relate to economics
 - (i) Equilibrium (5)
 - (ii) Opportunity cost (5)
 - (iii) Scarcity (5)
 - (iv) Elasticity of Demand (5)
 - (v) Inferior goods (5)
3. (i) If the price rises by 5 %, the quantity demanded falls by 2.5 %. Calculate the price elasticity of demand. (8)

ii) If the price falls from 6 to 4, the quantity demanded rises from 10000 to 13000.

Calculate the price elasticity of demand by using midpoints (7)

iii) Calculate the price elasticity of Demand, Suppose that as the price of Y falls from \$3.00 to \$1.90 the quantity of Y demanded increases from 112 to 120. (5)

iv) Calculate the cross elasticity of Demand when the price of a burger falls by 10 percent, the quantity of pizza demanded decreases by 5 percent. (5)
4. Examine the applicability of development strategies employed by the **FOUR EAST ASIAN TIGERS** in Zimbabwe.
5. Examine the efficiency and effectiveness of the contemporary Monetary and Fiscal policy of Zimbabwe. (25)
6. a) Assess the effects of hyper-inflation in Zimbabwe (10)

b) Explain how the Central Bank (Reserve Bank of Zimbabwe) can regulate money supply in Zimbabwe (15)

End of Paper

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