ZIMBABWE

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

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BUSINESS STUDIES

MODULE: Managerial Economics **PAPER NO:** 500/23/M10

DURATION: 3 Hours

JUNE 2026 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

1. Answer any five (5) questions.
2. All questions carry equal marks.

PAPER NO: 500/23/M10 – MANAGERIAL ECONOMICS

QUESTION 1

Describe the nature and scope of managerial economics. (20 marks)

QUESTION 2

Distinguish between:

a) Direct and indirect costs. (5 marks)

b) Explicit and implicit costs. (5 marks)

c) Opportunity and historic costs. (5 marks)

d) Relevant and irrelevant costs. (5 marks)

QUESTION 3

a) Define the term cost forecasting. (2 marks)

b) In the context of cost forecasting, explain the following:

   i) Time series regression technique. (6 marks)

   ii) Delphi method. (6 marks)

   iii) Extrapolation technique. (6 marks)

QUESTION 4

a) With the aid of a diagram, describe the four stages of the product life cycle. (12 marks)

b) Discuss appropriate pricing strategies and promotional strategies at each stage of the product life cycle. (8 marks)

QUESTION 5

Two projects have the following expected cashflows:

Year	Project A	Project B
0	(250 000)	(250000)
1	90 000	50 000
2	90 000	75 000
3	90 000	100 000
4	90 000	150 000

The discount rate is 16%

Required

a) Calculate each project's payback period. (6 marks)

b) i) Calculate each projects Net Present Value (NPV). (12 marks)

ii) Basing on each project's NPV, which project should be selected. (2 marks)

QUESTION 6

a) Define the term "economic growth" (2 marks)

b) Discuss six (6) challenges hindering economic growth in developing countries such as Zimbabwe. (18 marks)

QUESTION 7

a) Discuss four (4) functions of the IMF. (12 marks)

b) Explain four (4) criticisms levelled against IMF. (8 marks)

…//fem