ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Ordinary Level

ECONOMICS 4050/2

PAPER 2 Data Response

JUNE 2020 SESSION 1 hour 15 minutes

Additional materials:
Answer paper

TIME 1 hour 15 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces provided on the answer paper/answer booklet.

Answer both questions.
Write your answers on the separate answer paper provided.
If you use more than one sheet of paper, fasten the sheets together.
Calculators may be used.

INFORMATION FOR CANDIDATES

The questions in this paper carry equal marks. The number of marks is given in brackets [ ] at the end ofeach question or part question.

You should spend at least 5 minutes reading through the data for each question before you begin writing answers.

This question paper consists of 3 printed pages and 1 blank page.

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1. ECONOMIC GROWTH AND DEVELOPMENT IN ZIMBABWE

Since independence, the Zimbabwean economy has moved from a system when all productive economic resources were owned by the government to a situation where private entrepreneurs participate in some economic activities. In pursuit of the latter, an economic policy, Economic Structural Adjustment Programme (ESAP) was introduced. However, the results in terms of employment, economic growth and development were not desirable. National output declined while unemployment increased. In trying to reduce the socio-economic effects of ESAP, the government introduced the land Reform Programme, Indigenisation and ZIMASSET respectively.

(a) Define the following terms:

(i) Indigenisation [2]

(ii) economic growth [2]

(b) **(i)** Explain the type of unemployment that resulted from introducing ESAP. [2]

(ii) Suggest how the **three** policies (Land Reform, Indeginisation and ZIMASSET) lead to an increase in output. [6]

(c) Discuss any **two** positive and **two** negative effects of economic growth. [8]

2. INTEGRATION OF T & T AND KIYA FUELS LTD

In 2017, T & T, an oil producing company and Kiya Fuels, a petroleum distribution company engaged into talks for a possible merger. This would bring the two giants, together as one big company only supplying fuel. The attraction of the merger was mainly in economies of scale. The two companies already had been conducting business together. Their merging would allow for the formation of a strong company, supplying oil products for domestic and foreign markets.

(a) Identify a market structure formed as a result of a merger discussed above. [2]

(b) **(i)** What is meant by economies of scale? [2]

(ii) Describe any **two** economies of scale that can be enjoyed when firms grow in size. [4]

(c) Explain any **two** benefits to the firm of selling oil products to foreign markets. [4]

(d) Discuss any **four** problems faced by big firms. [8]

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