

THE UNITED REPUBLIC OF TANZANIA

**THE PRESIDENT'S OFFICE,
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

FORM V TERMINAL EXAMINATION

151/2

ECONOMICS 1

TIME: 3:00Hours

November

INSTRUCTIONS.

1. This paper consists of sections A,B and C with total of eight (8) questions.
2. All writing must be in blue or black ink, except drawings which must be in pencil.

SECTION A (20 MARKS)

Answer all questions

- 1) Tanzania citizen are encounter some problems in paying and collecting tax. Now advice the government on rules and guidelines for a good tax system which will help both tax collector and tax payer. Give five (5) points.
- 2) Resources identification and mobilization during the planning period are of great significance in the economy. Briefly explain five (5) ingredients in a successful planning of the economy.

SECTION B (40 MARKS)

Answer two (2) questions in this section

- 3) Study careful the table bellow and then answer the questions that follows.

	Tax paid	Tax paid	Tax paid
Income	Individual A	Individual B	Individual C
120,000	12,000	30,000	5,000
100,000	10,000	20,000	5,000
80,000	8,000	10,000	5,000
60,000	6,000	6,000	5,000

- (a) Determine the rate paid by individual A, B and C at each level of income
- (b) Identify the taxation system applied to individual A, B and C
- (c) Enumerate five merits of taxation system applied to individual B

- 4) a) Given the following information.

ITEM	TSH
Compensation of employees	2,000
Profit	800
Rent	300
Interest	250
Mixed income of self employed people	7,000
Net current transfer to abroad	200
Net exports	-100
Net indirect taxes	1,500
Factor income to abroad	60
Consumption of fixed capital	120

Find

- i. GDP_{fc}
- ii. GDP_{mp}
- iii. GNP_{fc}
- iv. GNP_{mp}
- v. NI_{fc}

b) What are the problems in measuring national income? Give Five (5) points

- 5) What is Deficity in balance of Payments? Discuss it is causes and ways of correcting it. Give five (5) points in each case.

SECTION C (40 MARKS)

Answer two (2) questions in this section

- 6) "Tanzania is among the developing countries said Mr. Msabila" Justify the statement by providing six (6) indicators.
- 7) "Economic development involves an increase in national product and improvement in the welfare of the people." Substantiate this quotation by giving six indicators of economic development in the Tanzania economy.
- 8) What are the causes of income inequality.

THE UNITED REPUBLIC OF TANZANIA
THE PRESIDENT'S OFFICE,
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM V ANNUAL EXAMINATION

151/1

ECONOMICS 2

TIME: 3:00Hours

November

INSTRUCTIONS.

1. *This paper consists of sections A, B and C with total of eight (8) questions.*
2. *All writing must be in blue or black ink, except drawings which must be in pencil.*

SECTION A (20 MARKS)

Answer all questions

- 1) Tanzania citizen are encounter some problems in paying and collecting tax. Now advice the government on rules and guidelines for a good tax system which will help both tax collector and tax payer. Give five (5) points.
- 2) Resources identification and mobilization during the planning period are of great significance in the economy. Briefly explain five (5) ingredients in a successful planning of the economy.

SECTION B (40 MARKS)

Answer two (2) questions in this section

- 3) Study careful the table bellow and then answer the questions that follows.

	Tax paid	Tax paid	Tax paid
Income	Individual A	Individual B	Individual C
120,000	12,000	30,000	5,000
100,000	10,000	20,000	5,000
80,000	8,000	10,000	5,000
60,000	6,000	6,000	5,000

- (a) Determine the rate paid by individual A, B and C at each level of income
- (b) Identify the taxation system applied to individual A, B and C

(c) Enumerate five merits of taxation system applied to individual B

4) a) Given the following information.

ITEM	TSH
Compensation of employees	2,000
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Mixed income of self-employed people	7,000
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Net exports	-100
Net indirect taxes	1,500
Factor income to abroad	60
Consumption of fixed capital	120

Find

- i. GDP_{fc}
 - ii. GDP_{mp}
 - iii. GNP_{fc}
 - iv. GNP_{mp}
 - v. NI_{fc}
- b) What are the problems in measuring national income? Give Five (5) points

5) What is Deficity in balance of Payments? Discuss it is causes and ways of correcting it. Give five (5) points in each case.

SECTION C (40 MARKS)

Answer two (2) questions in this section

- 6) "Tanzania is among the developing countries said Mr. Msabila" Justify the statement by providing six (6) indicators.
- 7) "Economic development involves an increase in national product and improvement in the welfare of the people." Substantiate this quotation by giving six indicators of economic development in the Tanzania economy.
- 8) What are the causes of income inequality.

PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM FIVE MARKING SCHEME

ECONOMICS 2

1. Canons/ Principles of Taxation

- ☐ Equity
- ☐ Convenience
- ☐ Certainty
- ☐ Economy
- ☐ Simplicity
- ☐ Productivity or high yield
- ☐ Diversity
- ☐ Elasticity

2. Productive ingredients in successful planning of the economy

- ☐ Planning goal
- ☐ Planning machinery
- ☐ Skilled planners
- ☐ Workable policies
- ☐ Political stability

3 (a) Determine the tax rate paid by individual A,B and C at each level if income

$\text{Tax rate\%} = \frac{\text{Amount tax paid}}{\text{Income}} \times 100\% \dots\dots\dots 1 \text{ marks}$

	Individual A	Individual B	Individual C
120,000	10	25	4.2
100,000	10	20	5.0

80,000	10	12.5	6.3
60,000	10	10	8.3

@ 0.5 = 06 Marks

(b) Individual A: Proportional tax system.....(1 mark)

Individual B: Progressive tax system.....1 marks

Individual C: Regressive tax system.....1 mark

(c) Merits of tax system of individual B

I. It yield much greater revenue, hence its more productive

II. Its more economical

III. Its equitable and promote social justice

IV. It may promote economic stability

V. It may increase the desire if work

Any five points @ 2 marks = 10 marks

4 i. From $Y = \text{Wages} + \text{Rent} + \text{Interest} + \text{Profit} + \text{Mixed income of self employed people}$

$$\text{GDP}_{fc} = 2000 + 300 + 250 + 7000 + 800 = 10,350$$

ii. $\text{GDP}_{mp} = \text{GDP}_{fc} + \text{Net indirect tax}$

$$\text{GDP}_{mp} = 10,350 + 1,500 = 11,850$$

iii. $\text{GNP}_{fc} = \text{GDP}_{fc} + \text{NFIA}$

$$\text{GNP}_{fc} = 10,350 + (0 - 60) = 10,290$$

iv. $\text{GNP}_{mp} = \text{GNP}_{fc} + \text{Net indirect tax}$

$$\text{GNP}_{mp} = 10,290 + 1,500 = 11,790$$

v. $\text{NI}_{fc} = \text{NNP factor cost} = \text{GNP}_{fc} - \text{Depreciation}$

$$\text{NNP}_{fc} 10,290 - 120 = 10,170$$

b)

- ☐ Problem of double counting
- ☐ Inadequate statistical data
- ☐ Non inclusion of non market goods and services
- ☐ Estimation of depreciation allowance
- ☐ Price changes

- 5 a) Disequilibrium in the balance of payments (Deficit in the balance of payments) The balance of payments is said to be disequilibrium when the total payments to abroad is greater than the total receipts from abroad.

- i. Low export
- ii. Increase in demand for import
- iii. Unfavourable terms of trade
- iv. Shortage of capital goods
- v. Devaluation policy
- vi. Unfavourable climatic condition

Correction of the deficit in the balance of payment

- i. Promotion of export
- ii. Reduce expenditures on imports
- iii. Devaluation policy
- iv. Increase production
- v. International cooperation
- vi. Financial assistance from donor countries

- 6
- i. Low per capital
 - ii. Inadequate technology
 - iii. Low literacy and unskilled labor force
 - iv. Rapid population growth
 - v. Insufficiency state tax collection and provision of basic services
 - vi. Lack of transparency and accountability
- 7
- i. Poverty reduction
 - ii. Increased levels of education
 - iii. Increased provision of health care
 - iv. Increased life expectancy

- v. Improvement of social services
- vi. Low rate of crimes
- 8 i. Differences in ownership of wealth
- ii. Differences in natural abilities
- iii. Illegal activities
- iv. Differences in levels of education and training
- v. Tax structure
- vi. Inheritance of wealth assets
- vii. Differences in opportunities