

**THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA
ADVANCED CERTIFICATE OF SECONDARY EDUCATION
EXAMINATION**

151/1

ECONOMICS 1

(For Both School and Private Candidates)

Time: 3 Hours

Year: 2023

Instructions

1. This paper consists of sections A, B and C with a total of **eight (8)** questions.
2. Answer **all** questions in section A and choose **two (2)** questions from each sections B and C.
3. Section A carries **twenty (20)** marks, section B and C carry **forty (40)** marks each.
4. Non programmable calculators may be used.
5. All writing must be in **blue** or **black** ink **except** drawing which must be in pencil.
6. All communication devices and any unauthorised materials are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. Free market economy is driven by the forces of demand and supply and there is high consumer choice of goods and services and competition among producers. By giving five points, briefly explain the need of government interventions in the operation of free market economy.
2. "Oligopoly market structure may be homogeneous or differentiated by a few dominant firms." What could be the effects of oligopoly market in an economy? Briefly explain by giving five points.

SECTION B (40 Marks)

Answer **two (2)** questions from this section.

3. (a) State the law of marginal diminishing return and identify four assumptions supporting the existence of the law.
(b) Study the following table and answer the questions that follow:

Labour (L)	Total Product of Labour (TP _L)	Marginal Product of Labour (MP _L)	Average Product of Labour (AP _L)
1			24
2			36
3			46
4			54
5			60
6			64
7			66
8			66
9			64
10			60
11			54
12			46

- (i) Complete the table by computing Total Product of Labour (TPL) and Marginal Product of Labour (MPL).
 - (ii) Construct the Total Product of Labour (TPL), Marginal Product of Labour (MPL) and Average Product of Labour (APL) from the completed table.
4. A monopolistic firm supplies a commodity in two markets with two different demand functions as follows:
 $P_1 = 500 - Q_1$
 $P_2 = 300 - Q_2$

(P_1 and P_2 are the price and Q_1 and Q_2 are the quantities in two markets respectively). The firm total cost function is given as $TC = 50,000 - 100Q$;

- (a) Find the price and quantity of each market.
 - (b) Compute the profit or loss of monopolistic firm in each market.
 - (c) Which market a firm enjoys supernormal profit? Give a reason for your answer.
5. (a) Consider the following price and quantity supplied in the table for rice produced in a certain area.

Prices (Tsh.)	2	4	6	8	10	12
Quantity (in bags)	25	35	45	55	65	75

From the data given in the table:

- (i) Plot the supply curve.
 - (ii) Calculate the price elasticity of supply when price changes from Tshs. 4 to Tshs 10.
- (b) Suppose that a rise in raw materials costs in the table causes the producer to reduce supply by 15 bags at every price, plot a new supply schedule.
 - (c) Explain five circumstances in which demand is likely to be highly elastic.

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

6. "The barter system of exchange experienced some weaknesses." Justify this quotation by giving six points.
7. Describe six challenges that were encountered in the implementation of population policies in Tanzania.
8. In six points, examine the negative impacts of unemployment in the economy.

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151/2

ECONOMICS 2

(For Both School and Private Candidates)

Time: 3 Hours

Year: 2023

Instructions

1. This paper consists of sections A, B and C with a total of **eight (8)** questions.
2. Answer **all** questions in section A and choose **two (2)** questions from each sections B and C.
3. Section A carries **twenty (20)** marks, sections B and C carry **forty (40)** marks each.
4. Non-programmable calculators may be used.
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SECTION A (20 Marks)

Answer **all** questions in this section.

1. Diversification of the economy enables a firm to increase chances of employment, inter-sectoral interdependence and make the producer self-sustaining. Basing on this contention, briefly describe five merits of diversification of the economy in the developing countries like Tanzania.
2. Resource identification and mobilization during the planning period are of greater significance in the economy. Briefly identify five productive ingredients in a successful planning of the economy.

SECTION B (40 Marks)

Answer **two (2)** questions from this section.

3. (a) The following table shows the Tanzanian economy with the values of income and consumption (in million Tshs.) for the year 2000:

Income	Consumption	Savings
350	335	.....
300	290	.....
250	245	.....
200	200	.....
150	135	.....
100	110	.....

- (i) Determine the amount of savings.
- (ii) Formulate the consumption function by using the data in the table.
- (iii) If the level of savings in the economy was Tshs. 25 million at the equilibrium, use the consumption function in (ii) to find the new equilibrium level of income.

- (b) Explain five factors which influence the level of savings in the economy.

4. (a) Study the information given in the table, calculate the percentage tax rates and payable taxes and fill in the blank spaces.

Month	Taxable Income (Tshs)	Percentage Tax Rate	Payable Tax (Tshs)
January	Salary 850,000.00	14.00	.....
February	Selling price 1,200.00	.....	216.00
March	Retailer price 1,000.00	16.00	.....
April	Wholesale price 600.00	.....	102.00

Month	Taxable Income (Tshs)	Percentage Tax Rate	Payable Tax (Tshs)
May	Selling price 760.00	12.00	.....
June	Salary 1,400,500.00	.....	280,100.00
July	Wholesale price 540.00	15.00	.....
August	Retailer price 720	.....	115.20
September	Salary 2,000.00	16.00	
October	Selling price 1500.00	.....	210.00

- (b) Explain five implications in each of the following forms of budgets in the economy:
- Surplus budget.
 - Deficit budget.
5. (a) Suppose in the Tanzanian economy from 2010 to 2015, the export price index of Tanzania increased from 100 to 190 while the import price index increased from 100 to 180:
- Identify the base and current year.
 - Calculate the terms of trade during the period.
 - Give the economic interpretation of the value obtained in (a) (ii).
- (b) Briefly describe six factors which lead into the deteriorating terms of trade in the economies of developing countries such as Tanzania.

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

- Land transport facilitates mass production of goods since it ensures market for the goods produced. In six points, account for the contribution of land transport to the Tanzanian economy.
- "One of the major problems facing the commercial banks in the developing countries is lack of collateral security to most borrowers." Substantiate this quotation by giving six problems faced by the commercial banks in the Tanzanian economy.
- "Private sector promotes the increase in efficiency in the economy." Justify this statement by giving six advantages of the private sector in the economy.