

**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: 2022

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 **two (2)** questions from each of sections B and C.
3. Section A carries **twenty (20)** marks and sections B and C carry **forty (40)** marks each.
4. Non programmable calculators may be used.
5. All communication devices and any unauthorised materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. Briefly explain the following concepts:
 - (i) Dependence ratio.
 - (ii) An ageing population.
 - (iii) Optimum population.
 - (iv) Under population.
 - (v) Over population.
2. By giving five points, explain the importance of opportunity cost.

SECTION B (40 Marks)

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

3. (a) Why a monopolist cannot charge any price in the market? Explain by giving five points.
(b) Suppose a market for mobile phones has a demand function $Q=1000 - 10P$, and the cost of the monopolist for producing mobile phones is $C= 0.005Q^2+500$.
Find:
 - (i) Profit maximizing output level.
 - (ii) Price of mobile phones.
 - (iii) Maximum profit.
4. (a) What is cross elasticity of demand? Explain how it is calculated and interpreted.
(b) Why does demand curve slope downwards from left to right? Explain by giving four points.
5. (a) Using illustration, show the stages of the law of diminishing marginal returns.
(b) Explain five limitations of the law of diminishing marginal returns.

SECTION C (40 Marks)

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

6. Examine six circumstances in which increase in money supply in the economy do not lead into increase in the general price level.
7. "Privatization is vital in improving the Tanzanian Economy." Substantiate this contention by providing five advantages and five disadvantages of privatization policy.
8. "Interaction between economic system and development is one of the major reasons for the existence of externalities." Justify this statement by giving six causes of externalities in the economy.

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151/2

ECONOMICS 2

(For Both School and Private Candidates)

Time: 3 Hours

Year: 2022

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 **two (2)** questions from each of sections B and C.
3. Section A carries **twenty (20)** marks and sections B and C carry **forty (40)** marks each.
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SECTION A (20 Marks)

Answer **all** questions in this section.

1. According to Rostow model of economic development, for a country to have a higher economic growth it must have improvement in technology and new industries. Basing on this model, briefly explain five characteristics of the economic growth in a country.
2. Tax is the main source of the government revenue. Briefly elaborate the main five components of direct taxes.

SECTION B (40 Marks)

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

3. Study carefully the data in the table and then answer the questions that follow:

Income Recipients (Percentage Quintiles)	Percentage Share in Each Year	
	2000	2010
Lowest fifth	3.9	5.3
Second fifth	8.6	11.6
Third fifth	13.8	17.5
Fourth fifth	19.3	24.1
Top fifth	54.4	41.5
Total	100.0	100.0

- (a) Convert the data into cumulative percentage and draw Lorenz Curves for 2000 and 2010.
- (b) Interpret the information revealed by the curves.
- (c) Suggest five measures which can be adopted to reduce income inequality in the economy.

4. (a) State the theory of:
 - (i) Absolute Advantage.
 - (ii) Cost Comparative Advantage.
- (b) Study carefully the information in the table and then answer the questions that follow:

Country	Maize	Rice
Uganda	120	80
Burundi	40	40

- (i) Which country has cost comparative advantage in the production of maize? Give a reason to support your answer.

- (ii) Which country has cost comparative disadvantage in the production of rice? Give a reason.
- (iii) In six points, briefly elaborate the significance of the cost comparative advantage in the economic development of the countries in trade.

5. (a) Differentiate the following economic concepts:

- (i) Assets of a commercial bank from Liabilities of a commercial bank.
- (ii) Reserve ratio from cash ratio.
- (iii) Liquidity ratio from legal reserve requirement.
- (iv) Bank rate from rediscount rate.
- (v) Solvency from bankruptcy.

(b) Study carefully the data in the table and then fill in the blank spaces:

S/N	Commercial Bank's Initial Capital(Tshs)	The Percentage of Minimum Legal Reserve Requirement Ratio	Loanable Amount to the Customers (Tshs)
1	1,000.00	10.00	.....
2	2,000.00	.....	1,600.00
3	3,000.00	15.00	.....
4	4,000.00	.....	3,200.00
5	5,000.00	15.00	.....
6	6,000.00	.....	5,400.00
7	7,000.00	20.00	.....
8	8,000.00	.....	6,400.00
9	9,000.00	10.00	.....
10	10,000.00	.....	9,000.00

SECTION C (40 Marks)

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

- 6. "Inefficient system of marketing and distribution of goods and services in the economy make farmers perform poorly." Basing on this statement, assess six factors which hinder the efficient running of marketing and distribution of commodities in the Tanzanian economy.
- 7. Poor development of the social and economic infrastructures especially in the rural areas is one of the major problems facing planners in the developing countries. Support this argument by giving six points.
- 8. "The industrial sector plays a significant role in the economic development in Tanzania." In six points, substantiate this contention.