

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

151/2

**ECONOMICS 2
ECONOMIC DEVELOPMENT
(For Both School and Private Candidates)**

Time: 2:30 Hours

Thursday, 10th February 2011 p.m.

INSTRUCTIONS

1. This paper consists of **ten (10)** questions in sections A and B.
2. Answer **five (5)** questions choosing at least **two (2)** questions from each section.
3. Each question carries **twenty (20)** marks.
4. Credit will be awarded for well argued answers.
5. Non-programmable calculators may be used.
6. Cellular phones are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s).

This paper consists of 2 printed pages.

SECTION A

1. (a) Describe the consequences of high birth rates to the economy.
(b) Explain the importance of the concept of optimum population to Tanzania.
2. (a) State the meaning and types of natural unemployment.
(b) What policies can be used to reduce natural unemployment in Tanzania?
3. Enumerate five (5) advantages and five (5) disadvantages of a progressive tax system:
4. (a) Define GNP_{mp}, and GNP_{fc}.
(b) Given the following:
GNP_{mp} = shs 700,000
Net income from abroad = shs.100,000
Depreciation = shs. 300,000
Net indirect taxes = shs.200,000

Calculate

(i)	GNP _{fc}
(ii)	GDP _{fc}
(iii)	NNP.

Note: mp and fc stand for market price and factor cost respectively.

5. State five (5) problems associated with formulation of development plans in less developed countries.

SECTION B

6. Explain the various forms of economic integration.
7. 'Co-operatives are playing important role in the development and marketing of agricultural products in Tanzania.' Discuss.
8. Describe the problems that are faced by commercial banks in Tanzania to day.
9. (a) Critically describe the law of comparative advantage.
(b) What tools can be used to restrict the flow of imports in a country?
10. Discuss the advantages of diversification of agriculture in the economy.