

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

**151/2**

**ECONOMICS 2**

(For Both School Private Candidates)

**Time: 3 Hours**

**Thursday, 09<sup>th</sup> May 2019 a.m.**

**Instructions**

1. This paper consists of sections A and B with a total of **eight (8)** questions.
2. Answer **five (5)** questions choosing at least **two (2)** questions from each section.
3. Each question carries **twenty (20)** marks.
4. Non programmable calculators may be used.
5. Cellular phones and any unauthorized materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



## SECTION A

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

1. (a) Given the Saving function as  $S = -10 + 0.4Y_d$ , calculate:
  - (i) Marginal Propensity to Consume (MPC),
  - (ii) Investment multiplier and interpret its significance in the economy.(b) Explain the importance of the national income statistics to an economy. Give seven points.
2. (a) Describe five objectives of the government expenditures.  
(b) Briefly explain five cannons of a good Taxation system in the economy.
3. (a) Evaluate five factors which limit the process of credit creation of the commercial banks in Tanzania.  
(b) Examine five functions of the Bank of Tanzania which promote economic growth of the country.
4. (a) What is:
  - (i) Exchange Control
  - (ii) Foreign exchange reserves(b) Briefly explain the four main significance of foreign exchange reserves.  
(c) Elaborate five objectives of the foreign exchange control system.

## SECTION B

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

5. (a) Distinguish between the following concepts:
  - (i) Consumer planning and producer planning.
  - (ii) Partial planning and comprehensive planning.(b) Explain eight importance of planning in bringing proper allocation of resources in the economy
6. (a) Account for the major problems facing Cooperative societies in developing countries like Tanzania. Give six points.  
(b) Outline the four main principles of Cooperatives Societies.
7. (a) State four roles of the industrial sector in the growth of the agricultural sector.  
(b) "Industrial sector is the key for economic development of many developed countries". Why this sector is not successful in Tanzania? Give six points.
8. (a) Describe six determinants of economic growth.  
(b) Briefly distinguish the following types of dependency:
  - (i) Technological dependence from Trade dependence.
  - (ii) Political dependence from Financial dependence.