

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

052/1

COMMERCE 1

(For Both School and Private Candidates)

Time: 3 Hours

ANSWERS

Year: 2021

Instructions

1. This paper consists of seven questions.
2. Answer five questions, question number one is compulsory

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1. In six points, explain how Dar es Salaam Stock Exchange (DSE) is involved in the development of Tanzanian economy.

The Dar es Salaam Stock Exchange (DSE) plays a crucial role in Tanzania's economic development by facilitating capital mobilization. It provides a platform for businesses and government entities to raise funds by issuing shares and bonds to investors. This enables companies to expand, create jobs, and contribute to economic growth.

Another important role of the DSE is promoting investment opportunities. The stock market encourages both local and foreign investors to participate in the economy by buying shares in publicly traded companies. This increases foreign direct investment (FDI), which enhances economic stability and infrastructural development.

The DSE also enhances financial inclusion by providing an alternative means for individuals and institutions to invest their money. Instead of keeping savings in banks with low-interest rates, people can invest in stocks and bonds, allowing them to earn higher returns and grow their wealth.

Additionally, the stock exchange contributes to national revenue generation. When companies become publicly listed and issue shares, the government collects taxes from transactions, capital gains, and dividends. These funds help finance public projects such as roads, schools, and healthcare services.

Another significant impact of the DSE is improving corporate governance. Companies listed on the stock exchange are required to follow strict financial disclosure and reporting standards, ensuring transparency and accountability in their operations. This fosters investor confidence and promotes ethical business practices.

Finally, the DSE supports economic stability by allowing companies to secure long-term financing instead of relying on short-term bank loans. This reduces financial risks associated with high-interest debts, enabling businesses to focus on sustainable growth and productivity.

2. Mr. Masika has engaged in foreign trade and he is planning to transport goods from Tanzania to Mumbai in India using overseas shipping. He is in dilemma whether to use tramp or the liner ship in transporting his goods. Explain to him six differences between tramp and liner ships so that he can be in a position to decide on which one to use.

Mr. Masika must understand the key differences between tramp and liner ships before choosing the best option for his transportation needs. One major difference is in their scheduling. Liner ships operate on fixed routes and schedules, meaning they follow a set timetable for arrivals and departures. In contrast, tramp ships have no fixed schedules and operate on demand, moving to various ports based on cargo availability.

Another difference is in cargo handling. Liner ships primarily transport general cargo, including containers and manufactured goods, while tramp ships are mostly used for bulk goods such as coal, oil, or agricultural produce. If Mr. Masika is transporting large volumes of loose goods, a tramp ship may be more suitable.

Tramp ships also differ from liner ships in their cost structure. Since liner ships operate on scheduled routes, they offer fixed freight rates, providing cost predictability. Tramp ships, however, have variable rates that depend on demand, fuel prices, and cargo type, making costs less predictable.

Additionally, tramp ships offer more flexibility compared to liner ships. Since they do not follow fixed routes, tramp ships can be chartered to any port based on the shipper's requirements. Liner ships, on the other hand, only operate between designated ports, limiting destination choices.

Reliability is another distinguishing factor. Liner ships are more reliable because they operate on strict schedules, ensuring timely delivery. Tramp ships, being unscheduled, may take longer to deliver goods due to unpredictable availability and routing.

Lastly, in terms of contractual agreements, liner ships provide standardized shipping services under fixed contracts, which are suitable for regular shipments. Tramp ships, however, operate on a charter basis, meaning Mr. Masika would need to negotiate terms for each voyage. Depending on his needs, he should choose between cost efficiency (liner) and flexibility (tramp).

3. Suppose you are a loan officer in the National Micro Finance Bank (NMB) and a bank customer asks for a long-term loan. Which factors would you consider before giving the loan to such a customer? Give six points.

As a loan officer, the first factor to consider is the creditworthiness of the applicant. This involves assessing the customer's credit history, repayment records, and existing debts. A customer with a good credit score is more likely to repay the loan on time.

Another crucial factor is the purpose of the loan. The bank must evaluate whether the loan will be used for productive purposes, such as business expansion, buying assets, or investment. Loans given for productive purposes have a higher chance of being repaid.

The applicant's income level and financial stability are also important. The bank needs to ensure that the customer has a steady source of income to meet the loan repayment terms. Income assessment includes salary records, business earnings, or other financial assets.

Collateral security is another key consideration. Long-term loans often require security in the form of property, equipment, or guarantees. The bank evaluates the value of collateral to determine if it can cover the loan in case of default.

The loan repayment period also matters. The bank must structure the repayment schedule to align with the customer's income flow. For instance, business loans may have different terms than salary-based loans to ensure the borrower does not default.

Finally, economic and market conditions are considered. If the market is unstable, there is a risk that the borrower's income source could be affected, leading to repayment difficulties. The bank analyzes external economic factors before approving long-term loans.

4. "Barter system did not exist for a long time." With examples, validate this statement by giving six points.

The barter system did not last long as the main mode of exchange due to several inefficiencies. One major issue was the double coincidence of wants. In barter trade, both parties had to desire what the other person offered. For example, if a farmer wanted shoes in exchange for maize, he had to find a shoemaker who needed maize, which was often difficult.

Another limitation was the lack of standard value. In a barter economy, there was no uniform measure to determine how much of one good equaled another. For instance, how many bananas were equal to one goat? This inconsistency made trade complicated.

Barter also had problems with divisibility. Some goods, such as livestock, could not be divided into smaller units for exchange. If someone wanted only half a cow, they could not easily trade it.

Storage of wealth was another issue. Perishable goods like fruits and vegetables could not be stored for future trade. Unlike money, which can be saved, barter trade goods lost value over time.

Transporting goods for barter was also a challenge. Carrying heavy or bulky items such as sacks of grains or livestock for trade was inconvenient, making long-distance trade impractical.

Finally, the development of money eliminated the need for barter. With money, trade became easier, and societies quickly adopted monetary systems that simplified transactions, proving that barter was inefficient and short-lived.

5. In six points, analyse the problems facing primary production in developing countries.

Developing countries face several challenges in primary production. One major issue is the lack of modern technology. Many farmers and miners still use outdated tools and techniques, leading to low productivity and inefficiency.

Another problem is poor infrastructure. Many rural areas lack proper roads, storage facilities, and irrigation systems, making it difficult to transport products and maintain their quality.

Unstable market prices also affect primary producers. Prices of agricultural and mineral products fluctuate due to external demand, making it hard for producers to plan their businesses.

Environmental challenges such as droughts, floods, and soil degradation reduce production. Developing countries often lack adequate measures to counteract these problems.

Limited access to finance is another issue. Small-scale producers struggle to obtain loans or investment to expand their businesses due to strict banking requirements.

Finally, weak government policies and poor management hinder primary production. Corruption, poor planning, and inadequate support services limit productivity in these sectors.

6. Explain six advantages of multiple shops that make retailers not to regret from engaging in large-scale retail business.

Multiple shops provide several advantages that make large-scale retail business more profitable and manageable. One key advantage is brand recognition. Since multiple shops operate under the same brand name across different locations, customers become familiar with the business, which builds trust and increases customer loyalty. This strong brand presence ensures consistent sales and long-term success.

Another advantage is bulk purchasing benefits. Multiple shops buy goods in large quantities from manufacturers, which allows them to negotiate lower prices and enjoy discounts. This reduces the cost per unit, making products more affordable for customers while increasing profit margins for the retailer.

Centralized management is another key benefit. Multiple shop chains are managed from a central office, which ensures uniform pricing, quality control, and efficient decision-making across all branches. This consistency helps in maintaining high standards and improving customer satisfaction.

Better stock control is another advantage. Because multiple branches operate under one system, retailers can efficiently track inventory levels and transfer stock between locations if needed. This prevents stock shortages and ensures that all branches have enough products to meet customer demand.

These shops also benefit from shared advertising costs. Instead of running separate advertisements for individual stores, multiple shop owners can promote all branches in a single campaign. This reduces marketing expenses while reaching a larger audience, leading to increased sales.

Finally, high customer traffic is a significant advantage. Since multiple shops are located in different regions, they attract more customers than a single retail store. Customers can easily access the nearest branch, making shopping more convenient and increasing overall sales for the business.

7. In spite of the popularity of Azam industries products in Tanzania, the firm still advertises its products. In six points, explain why the firm keeps on advertising its products.

Despite being a well-established brand, Azam Industries continues advertising its products for several reasons. One important reason is maintaining brand visibility. Even though Azam is a market leader, regular advertising keeps its products in the minds of consumers, ensuring they remain the preferred choice.

Another reason is attracting new customers. While Azam already has a large customer base, advertising helps reach new potential buyers who may not have used their products before. By promoting their products through various media channels, the company ensures continuous customer growth.

Advertising also plays a crucial role in introducing new products. Azam frequently expands its product range, and advertisements help inform customers about new offerings, ensuring successful product launches and market penetration.

Countering competition is another major reason. Even though Azam is a dominant brand, there are always competitors in the market. Advertising allows the company to differentiate itself from rivals and retain its market share by emphasizing superior quality, affordability, or unique product features.

Another advantage of continuous advertising is building customer loyalty. Regular engagement through advertisements reinforces positive brand perception and strengthens customer relationships. When consumers repeatedly see Azam's ads, they develop a deeper connection with the brand and are more likely to remain loyal.

Lastly, advertising helps increase sales and revenue. Even with a strong market presence, consumer preferences can shift if they are exposed to competing brands. Consistent advertising ensures that Azam products remain the top choice, leading to steady sales growth and long-term profitability.