

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: 2022

Instructions

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

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1. The commercial club at your school arranged a debate with the motion, "Commerce and trade are the same." In six points, oppose the motion.

Commerce and trade are related but not the same, as commerce is a broader concept that encompasses trade and other business activities. First, trade specifically refers to the exchange of goods and services, while commerce includes all activities that facilitate trade, such as banking, transport, and insurance. Trade is just a component of commerce, not its equivalent.

Another distinction is that trade involves the direct buying and selling of products, whereas commerce includes additional functions like advertising and warehousing. For instance, a business may engage in marketing, logistics, and financing, which are part of commerce but not trade itself.

Commerce also involves various support services necessary for trade. Businesses require transport, communication, and financial transactions to facilitate the movement of goods and payments, which are all categorized under commerce rather than trade.

Additionally, trade can exist in two main forms—domestic trade (within a country) and international trade (across borders). On the other hand, commerce covers the entire supply chain, including manufacturing, distribution, and retailing, beyond just trade.

Another key difference is that commerce includes activities that help manage risks in business, such as insurance. While trade focuses on transactions, commerce ensures that businesses run smoothly by providing protective measures against losses.

Lastly, commerce contributes to economic development by improving business operations, creating employment, and managing business transactions efficiently. Trade alone does not handle these aspects, proving that commerce and trade are not the same.

2. Mr. Biashara is a wholesaler carrying out his business in Mwanza region in Tanzania and he needs to be conversant with the types of e-commerce before engaged in it. Clarify to him six types of e-commerce according to the parties involved in the transactions.

E-commerce can be categorized into different types based on the parties involved. The first type is Business-to-Business (B2B), where companies sell goods or services to other businesses. This includes transactions between manufacturers and wholesalers or wholesalers and retailers.

The second type is Business-to-Consumer (B2C), where businesses sell directly to individual consumers through online platforms. Examples include e-commerce websites like Jumia, Amazon, and Alibaba.

Another form is Consumer-to-Consumer (C2C), where individuals sell products or services to other consumers through online marketplaces. Platforms like eBay and Facebook Marketplace allow customers to sell second-hand or new products directly to other buyers.

The fourth type is Consumer-to-Business (C2B), where individuals offer services or products to companies. Freelancing websites such as Upwork and Fiverr are examples, where individuals provide services to businesses.

Another form is Business-to-Government (B2G), where businesses provide products or services to government agencies. This includes companies bidding for government contracts through online procurement systems.

Lastly, Government-to-Citizen (G2C) involves government services provided directly to the public through online platforms. Examples include tax payments, e-visa applications, and digital government services.

3. The performance of the banking industry was observed to be high soon after privatisation but currently, its performance is deteriorating. In six points, explain why the banking industry in Tanzania is deteriorating.

The decline in the performance of the banking industry in Tanzania can be attributed to several factors. One major reason is the increase in non-performing loans. Many banks have issued loans to individuals and businesses that fail to repay, leading to financial losses.

Another factor is poor management and governance in some banks. Weak internal controls and mismanagement of funds have resulted in financial instability, leading to low customer confidence in banking services.

The rise of mobile money services has also affected traditional banking. With the growth of platforms like M-Pesa, Tigo Pesa, and Airtel Money, many people prefer mobile transactions over traditional banking, reducing customer deposits in banks.

Additionally, economic challenges such as inflation and slow economic growth have affected banking performance. When businesses struggle financially, they reduce their reliance on banking services, impacting the industry negatively.

Another issue is increased competition from fintech companies. Digital financial services are providing alternative banking solutions, making traditional banks lose their market share.

Lastly, high operational costs and regulatory requirements have made it difficult for some banks to remain profitable. The cost of compliance with government regulations and maintaining banking infrastructure reduces their overall efficiency.

4. In four points convince Mrs. Kazi who is an importer of second-hand clothes on how she will benefit from the use of a bonded warehouse in her business and in two points, tell her how the government benefits from her goods passing through the bonded warehouse.

Mrs. Kazi can benefit from using a bonded warehouse in several ways. First, it allows her to store imported goods before paying customs duties. This gives her time to arrange finances and clear goods in phases rather than paying all taxes at once.

Another advantage is that bonded warehouses offer storage security. The facilities are well-guarded, reducing the risk of theft or damage to her second-hand clothes before they are distributed.

Additionally, she can re-export goods without paying duties. If she finds a better market outside Tanzania, she can sell the goods abroad without incurring import charges.

Lastly, the bonded warehouse helps in quality control and repackaging. Before distributing her second-hand clothes, she can inspect them, sort, and repackage them for better market appeal.

The government benefits from bonded warehouses as well. First, it ensures tax compliance since goods cannot be released without duty payment. This improves revenue collection. Second, it promotes international trade by providing a structured storage system for importers and exporters.

5. An actuary of one of the insurance companies received a proposal form from a customer who required to know the amount of premium to be paid. Assess six factors to guide the actuary in determining the premium to be paid.

The actuary considers several factors when determining insurance premiums. The first is the level of risk involved. Higher-risk situations, such as insuring high-value or hazardous items, require higher premiums.

The second factor is the sum insured. The greater the value of the insured asset, the higher the premium since the insurer will bear a higher potential liability.

Another important factor is the type of insurance policy. Some policies, such as comprehensive coverage, cost more than basic policies due to broader protection.

The actuary also considers the age and health of the policyholder in cases like life or health insurance. Older individuals or those with health issues often pay higher premiums.

Claims history is another factor. Customers with a history of frequent insurance claims are charged higher premiums due to their increased risk profile.

Lastly, policy duration affects the cost. Short-term policies might have lower premiums, while long-term policies with extensive coverage attract higher charges.

6. Describe six common transport documents issued by transport companies to the customers or agents when transporting the goods through different modes of transport.

Transport companies issue various documents when shipping goods. One common document is the Bill of Lading, which serves as proof of shipment and a contract between the shipper and carrier.

Another important document is the Airway Bill, used for air cargo. It acts as a receipt and provides details about the consignment and its destination.

The Consignment Note is used in road transport and contains information about the goods, sender, and receiver.

A Railway Receipt is issued for goods transported by train and confirms receipt of the cargo by the railway authorities.

A Freight Invoice is a bill detailing the transportation costs charged by the carrier for moving goods.

Lastly, the Insurance Certificate provides proof that the goods are covered against risks such as damage or loss during transit.

7. Three family members established a maize milling industry with 50 employees. Six months later, they decided to employ more labourers. One of the members suggested to assess the efficiency of the existing labourers before employing new ones. In six points, analyse the important factors that they should consider when making an assessment before making final decisions.

To assess labour efficiency, they should first evaluate productivity levels by measuring how much output each worker produces within a given period.

They should also analyze work quality, ensuring that the products meet the required standards.

Another factor is work attendance and punctuality, as frequent absences reduce overall efficiency.

They must also consider cost-effectiveness, determining if hiring additional workers will increase profits.

Additionally, they should check employee motivation, as a motivated workforce tends to perform better.

Finally, they should examine machine utilization, ensuring existing employees are maximizing the use of available equipment before hiring more labour.