

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

052/2

COMMERCE 2

(For Both School and Private Candidates)

Time: 3 Hours

ANSWERS

Year: 2023

Instructions

1. This paper consists of Eight questions.
2. Answer five questions, choosing at least two questions from each section. question number one is compulsory

maktaba.tetea.org



1. Examine the role of the tools used in protectionism policy in protecting local industries from the danger of imported goods to the country. Limit your answer in six points.

Protectionism policies use various tools to protect local industries from the negative impact of imported goods. One of the key tools is tariffs, which are taxes imposed on imported goods to make them more expensive than locally produced goods. This encourages consumers to buy domestic products, boosting local industries. Another tool is import quotas, which set limits on the number of foreign goods that can enter the country. This reduces excessive foreign competition, allowing local industries to grow.

Subsidies also play a crucial role in supporting domestic industries by providing financial assistance or tax incentives. This lowers production costs, making local goods more competitive in the market. Anti-dumping policies help prevent foreign manufacturers from selling products at unfairly low prices, which could harm local producers by forcing them out of the market.

Another tool is local content requirements, where the government mandates that a certain percentage of components in goods should be sourced locally. This policy promotes domestic production and employment. Lastly, administrative barriers such as strict regulations and licensing requirements make it difficult for foreign products to enter the market easily, giving local industries an advantage.

2. Mapambano a tobacco seller and Maendeleo a buyer want to enter into contract of sales of goods. However, they do not know either "to sale" or "agree to sell". In six points, assist them to understand the difference between the two options so as to make the right option before entering into contract.

The difference between “sale” and “agreement to sell” is based on the ownership transfer and legal implications. A sale is when the transfer of ownership occurs immediately upon agreement, meaning the buyer becomes the owner of the goods at the time of purchase. In contrast, an agreement to sell refers to a contract where the transfer of ownership is to happen at a future date or upon fulfilling certain conditions.

In a sale, the seller cannot reclaim the goods once they are sold, even if the buyer fails to pay. However, in an agreement to sell, the seller retains ownership until the conditions are met, meaning they can reclaim the goods if the buyer fails to pay. Another difference is that the risk of loss is transferred to the buyer immediately in a sale, whereas in an agreement to sell, the risk remains with the seller until the transaction is completed.

A sale is legally enforceable, and if the buyer refuses to pay, the seller can sue for the price of the goods. In an agreement to sell, the seller can only sue for damages if the buyer fails to complete the purchase. Additionally, in a sale, the seller has no right to resell the goods once ownership is transferred, while in an agreement to sell, the seller can resell if the buyer breaches the contract.

3. The Tanzanian government should not be involved in trade because trade is only for citizens and non-citizens and not for the government. Use six points to criticize this statement.

The government plays a crucial role in trade, and excluding it would negatively impact economic development. One reason is that the government invests in strategic industries such as energy, infrastructure, and agriculture, which are essential for economic growth and cannot be left solely to private enterprises. Additionally, the government regulates trade to ensure fair competition, protect consumers, and prevent market monopolies. Without its involvement, businesses could engage in exploitative practices.

Another reason is that the government participates in trade to promote exports and reduce trade deficits by negotiating international trade agreements. These agreements create market opportunities for local businesses. The government also provides financial support and incentives, such as subsidies and grants, to encourage local businesses to grow and compete in global markets.

State involvement in trade ensures economic stability by controlling inflation and managing currency exchange rates. Without government participation, economic fluctuations would be more severe. Lastly, the government plays a key role in securing essential goods such as food, medicine, and energy supplies, ensuring national security and preventing shortages.

4. "Marketing has a crucial role in respect to the development of the developing nations like Tanzania." In six points, justify this statement.

Marketing plays a significant role in the development of developing nations by promoting economic growth and business expansion. One of its key roles is creating market demand, where businesses use marketing strategies to increase awareness of products and services, leading to higher sales and production. This contributes to economic growth.

Another important role is attracting foreign investment by showcasing business opportunities available in the country. This leads to job creation and increased revenue. Marketing also improves competition, encouraging businesses to innovate and enhance product quality to meet consumer expectations.

Additionally, marketing helps in the expansion of industries by connecting producers with both local and international markets. This allows businesses to scale up production and generate more income. It also plays a role in consumer education, informing people about new products, safety measures, and their rights as buyers.

Lastly, marketing boosts the tourism industry, which is a major revenue source for developing nations like Tanzania. Effective marketing strategies attract international tourists, generating foreign exchange and employment opportunities.

5. Tanzania Ports Authority (TPA) assists importers and exporters in numerous ways. Suggest six roles played by TPA to assist importers in importation of goods.

Tanzania Ports Authority (TPA) plays a vital role in facilitating the importation process. One of its main roles is providing port infrastructure and handling facilities to ensure efficient loading and unloading of imported goods. This helps reduce delays and damage to cargo.

Another role is customs clearance support, where TPA works closely with customs officials to ensure that imported goods comply with regulations and are processed smoothly. TPA also offers storage and warehousing services, providing importers with temporary storage facilities before goods are transported to their final destination.

Security and safety measures are also provided by TPA to protect goods from theft, damage, or illegal activities. This ensures that imported products reach their owners in good condition. Additionally, TPA offers logistical support by coordinating transportation networks such as rail and road links, making it easier for importers to distribute goods.

Lastly, TPA facilitates trade by implementing modern digital systems for tracking and managing shipments, ensuring transparency and efficiency in port operations.

6. Suppose the Kwetu Public company Limited is planning to invest in long-term projects, analyse the financing methods that the company can use to raise funds for its long-term project.

Kwetu Public Company Limited can use various financing methods for its long-term projects. One option is issuing shares, where the company raises capital by selling ownership stakes to investors. This provides funds without requiring repayment, but it dilutes ownership control.

Another method is issuing corporate bonds, where the company borrows money from investors with a promise to repay with interest. Bonds are a reliable source of long-term financing and provide fixed capital for investments. Bank loans are also a common method, where companies obtain funding from financial institutions with agreed repayment terms and interest rates.

The company can also seek venture capital or private equity investment, where investors provide funding in exchange for a share of the profits. This method is suitable for projects with high growth potential. Retained earnings can be used as an internal financing method, where profits from previous years are reinvested into the project instead of distributing them as dividends.

Lastly, government grants and subsidies can be an alternative source, where the company applies for financial assistance from government programs supporting industrial growth and development.

7. Some Tanzanian citizens blamed the government for exporting minerals like Gold, Tanzanite, and Diamond to other countries. In three points, convince the citizens that what the government is doing is right by providing three disadvantages that the country can get from being engaged in such kind of trade.

One disadvantage of restricting mineral exports is the loss of foreign exchange earnings, which are crucial for national development. Exporting minerals brings in foreign currency that the government uses for infrastructure, health, and education projects. Without these exports, the country would struggle to finance its development goals.

Another issue is the lack of a sufficient domestic market for minerals. Tanzania does not have enough local industries to process all its mined minerals, leading to stockpiling and wastage. Exporting ensures that the resources are utilized effectively.

Lastly, engaging in mineral exports attracts foreign investments, creating job opportunities and boosting economic growth. When international companies invest in mining, they bring technology, skills, and employment opportunities, benefiting local communities.