

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

151/2

ECONOMICS 2

(For Both School and Private Candidates)

Time: 3 Hours

Thursday, 05th May 2016 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. Non programmable calculators may be used.
5. Cellular phones 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) Define national income.
(b) Describe five determinants of the size of national income.
(c) Explain four uses of the national income statistics.
2. (a) What is VAT?
(b) Explain four advantages and six disadvantages of VAT.
(c) "Tax incidence does not always fall on the consumer." Giving four points, substantiate this contention.
3. (a) Define:
(i) Externalities
(ii) Transboundary externality
(b) Explain eight methods which can be used to control environmental pollution in a country.
4. (a) "Tanzanian foreign exchange system is the liberalized foreign exchange regime." Justify this statement by giving five points.
(b) Describe the roles played by the following types of financial institutions existing in Tanzania.
(i) Central bank
(ii) Commercial banks
(iii) Specialized banks
(iv) Saving banks
(v) Cooperative banks.
5. "Private Crop Buyers play a significant role in the Tanzanian economy." Critically discuss this contention showing five advantages and five disadvantages of Private Crop Buyers in the Tanzanian economy.

SECTION B

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

5. "Prices of agricultural products fluctuate more than the prices of the manufactured goods." Give six arguments to support the statement and provide four measures which can be taken to arrest the situation.
 - (a) Examine five problems facing the new East African Community.
 - (b) Devise any five tentative measures which are likely to solve the problems facing the new East African Community.

8.
 - (a) Briefly explain what economic development is.
 - (b) Assess four determinants of economic growth.
 - (c) Evaluate five indicators of a developing country.

9. "Planning is a powerful instrument in maintaining economic stability in the country." Provide five arguments to justify this statement.

10.
 - (a) Differentiate a current account from a capital account.
 - (b) Giving seven reasons, show that international trade is vital to the domestic economy.