

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

**151/1**

**ECONOMICS 1**

(For Both School and Private Candidates)

**Time: 3 Hours**

**Wednesday, 13<sup>th</sup> February 2013 a.m.**

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**Instructions**

1. This paper consists of **eight (8)** questions in sections A and B.
2. Answer **five (5)** questions choosing at least **two (2)** questions from each section; and **one (1)** question from either section A or B.
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).

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## SECTION A

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

1. (a) Briefly explain the following economic terms:
  - (i) Normative statements
  - (ii) Macroeconomics
  - (iii) Market economy
  - (iv) Scarcity.(b) Why micro economics is important in studying economics? (Give six points).
2. (a) What is meant by the term price elasticity of demand?  
(b) Explain eight factors that affect price elasticity of demand.
3. (a) Explain five conditions for price discrimination to exist.  
(b) Give five reasons to justify Industrial Localization.
4. (a) Briefly explain five features of Land as a factor of production.  
(b) Critically, examine five factors that affecting land productivity.

## SECTION B

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

5. (a) Explain five main types of unemployment.  
(b) Elaborate five causes of unemployment in Tanzania.
6. (a) Describe why the long run cost curve is flatter than short run cost curve.  
(b) With the help of diagrams explain why the average cost curve is U-shaped.  
(c) Evaluate six wastes of monopolistic competition.
7. (a) “Perfect competition market does not exist”. Justify the statement by giving five points.  
(b) Distinguish between monopoly and oligopoly markets (give five points).
8. (a) Elaborate seven causes of increase in inflation rate.  
(b) Explain three monetary measures against inflation.