

**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, 06<sup>th</sup> May 2015 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.
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) Explain the following concepts as used in Economics:
  - (i) Conspicuous consumption
  - (ii) Central economic problem
  - (iii) Scale of preference
  - (iv) Specific Economic Laws
- (b) Distinguish micro economics from macro economics (provide six points).
2. (a) Study carefully the following information of Kitwe Tea farm and answer the questions that follow. Assume Land is fixed.

| Labour (units)   | 1  | 2  | 3   | 4   | 5   | 6   | 7   | 8   | 9   | 10  |
|------------------|----|----|-----|-----|-----|-----|-----|-----|-----|-----|
| Total products   | 30 | 70 | 120 | 180 | 250 | 320 | 390 | 430 | 450 | 460 |
| Marginal product |    |    |     |     |     |     |     |     |     |     |

- (i) Fill in the blank spaces.
- (ii) Draw a marginal product curve and show the areas where the farm experiences returns to scale.
- (b) What are the main forms of intervention taken by the Tanzania government to control economic activities?
3. Describe five features of population census and five problems of carrying census in Tanzania.
4. (a) Explain four types of price discrimination.  
(b) How can monopoly be controlled? (give six points).

## SECTION B

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

5. (a) Use the demand function ( $P_1$ ) and the supply function ( $P_2$ ) given below to answer the questions that follow.  
$$P_1 = 9 \frac{1}{2} + \frac{Q}{10}$$
$$P_2 = -\frac{1}{2} + \frac{Q}{20}$$
Where:

P = Price

Q = Quantity

Graphically solve for:

- (i) Equilibrium price and quantity.
  - (ii) Surplus and shortage when equilibrium price rise and fall by two (2).
- (b) Outline four factors affecting supply.
6. Analyse five advantages of unemployment and five problems of unemployment in less developed countries.
7. (a) Explain four phases of trade cycle.  
(b) Account for six important features of trade cycles.
8. (a) Using a well labeled diagram, distinguish between break- even point and shut- down point of a firm in perfect competition.  
(b) Examine seven factors which would influence the firm to go on production even when it makes losses.