

**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

Year: 2020

Instructions

1. This paper consists of sections A, B and C with a total of **eight (8)** questions.
2. Answer **all** questions in section A and **two (2)** questions from each of sections B and C.
3. Section A carries **twenty (20)** marks and sections B and C carry **forty (40)** marks each.
4. Non programmable calculators may be used.
5. All communication devices and any unauthorized materials 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 (20 Marks)

Answer **all** questions in this section.

1. Briefly describe five factors that determine real wages.
2. Briefly analyse five effects of high population density in developing countries.

SECTION B (40 Marks)

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

3. (a) The following table shows the production of commodity A, B, C and D. Study it and answer the questions that follow:

Year	Income	Quantity Demanded in (Kg's per year)			
		A	B	C	E
2000	40,000	120,000	150,000	100,000	80,000
2001	100,000	150,000	450,000	100,000	40,000

- (i) Calculate income elasticity of demand for each commodity.
 - (ii) Give classification of each type of commodity.
- (b) Analyse four practical applications of elasticity of supply.
- (a) Using a graph, illustrate production possibility frontier.
 - (b) Identify four assumptions of production possibility frontier.
- (a) Elaborate five factors that influence demand for money.
 - (b) Study the data given in the following table and answer the questions that follow:

Items	Years, Price and Quantities			
	2013		2015	
	Price (Tsh)	Quantity (kg)	Price (Tsh)	Quantity (kg)
Sweet Potatoes	190	12	510	18
Maize Flour	590	07	1110	14
Wheat	390	07	510	15
Sugar	170	32	310	30
Rice	210	22	410	30
Beans	270	20	300	38

From the table calculate:

- (i) Laspayer's Price index, using 2015 as a base year and Interpret your result.
- (ii) Paasche's Price Index, using 2013 as a base year and Interpret your result.

SECTION C (40 Marks)

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

6. "Structural unemployment not only leads into social and economic changes in the society but also changes in demand and supply in specific economic industries." Discuss three causes and three remedies of structural unemployment.
7. Why a firm may operate below the shut-down point? Explain by giving six points.
8. A trade cycle is a wave like movement characterized by alternation of expansion and contraction in economic activity. Based on this statement, examine five causes of trade cycles in the economy.