

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, 07th May 2015 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) Explain six strategies that can be used to improve agricultural sector in Tanzania.
(b) It has been argued that 'business ownership should be left to the general public and the State should not enter into competition with individuals'. Provide four reasons to justify the statement.
2. (a) Explain four main economic significance of controlling negative externalities.
(b) How negative externalities can be controlled? (Provide six points).
3. (a) Why economic planning is necessary in Tanzania? (Give five points).
(b) Explain five problems facing Economic Planning in Tanzania.
4. (a) Study the data in the table provided and answer the questions that follow.

Disposable Income	Saving
T.shs. 20,000.	T.shs. 1,500.

- (i) Calculate the Average Propensity to Consume (APC) and
(ii) Average Propensity to save (APS).
- (b) How much would APC and APS be, if one had a disposable income of T.shs 10,000 and Consumption was T.shs 12,000? Comment on the answer.
- (c) Explain six leakages of Multiplier.
5. (a) Design seven mechanisms that can be used to reduce the government expenditures in Developing Countries like Tanzania.
(b) Describe three roles of Public Finance.

SECTION B

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

6. (a) Describe five factors affecting Terms of Trade.
(b) Evaluate five gains from International Trade to a country.
7. (a) Elaborate six problems facing Financial Institutions in Tanzania.

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- (b) Outline four contributions of the Bank of Tanzania (B.O.T) to the country (Tanzania) economic development.
8. (a) Examine five factors which hinder development.
(b) Why Tanzania has been classified as a country with dependent economy? (provide five reasons).
 9. (a) Analyse seven strategies that can be adopted to widen the market size in East African Community.
(b) Examine four challenges that the new East African Cooperation faces.
 10. (a) Distinguish Transportation from Communication.
(b) Explain eight problems facing Transport and Communication in Tanzania.