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   **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.

4.   All communication devices and any unauthorized materials are **not** allowed in the examination room.

5.   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. In five points, differentiate economic integration from economic cooperation in the country.

2. Examine five benefits of economic growth in the Tanzanian economy.

SECTION B (40 Marks)
Answer **two (2)** questions from this section.

3. Study the data given in the following table and answer the questions that follow:

Cumulative Percentage of the Recipient Population	Percentage of shares to the Quintile Groups	Diagonal Perfect Equality in Income Groups	Cumulative Percentage of the Income to the Group
0.0	0.0	0.0	0.0
10	0.3	10	0.3
20	0.6	20	0.9
30	0.9	30	1.8
40	3.0	40	4.8
50	6.0	50	10.8
60	10.0	60	20.8
70	12.2	70	33.0
80	16.0	80	49.0
90	20.0	90	69.0
100	31.0	100	100

   (a) Present the data through Lorenz curves.
   (b) Give the economic interpretation of the information revealed by the curves.
   (c) Briefly explain five benefits of income inequality in the economy.

4. Study the information in the following table and then answer the questions that follow:

Category	Income (Tshs.)	Tax Rate	Tax Payable	Average Tax Rate	Marginal Tax Rate
A	400,000	0	…...	0	0.25
A	800,000	25%	…...	0.125	0.50
A	2,000,000	50%	…...	0.35	0.80
B	400,000	40%	…...	0.4	0.4
B	800,000	40%	…...	0.4	0.4
B	2,000,000	40%	…...	0.4	0.4
C	400,000	60%	…...	0.60	0.30
C	800,000	30%	…...	0.45	0.20
C	2,000,000	20%	…...	0.25	0.10

(a) Calculate the amount of tax payable in each category and fill in the blank spaces.

(b) Identify the taxation systems in category A, B and C and give two reasons for identification of each category.

(c) Give one practical example of the taxes imposed in each of category A, B and C.

5. Describe six advantages and four disadvantages of the operations of foreign commercial banks in the economy.

SECTION C (40 Marks)
Answer **two (2)** questions from this section.

6. Suggest six strategies which can be adopted by the Tanzanian government to improve production in the agricultural sector.

7. Explain the main six problems that have faced cooperative societies in most less developed countries like Tanzania.

8. "Unfavourable terms of trade and low exports are the dominant problems that cause disequilibrium in the balance of payments in the economy." Substantiate this quotation by giving six causes of disequilibrium in the balance of payments of the economies of less developed countries.