

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

151/1

ECONOMICS 1

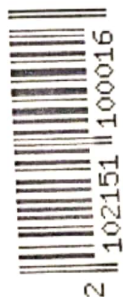
(For Both School and Private Candidates)

Time: 3 Hours

Year : 2021

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, section B and C carry **forty (40)** marks each.
4. Non programmable calculators may be used.
5. All communication devices and any unauthorised materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. Briefly describe five characteristics of capital.
2. Briefly explain five negative impacts of unemployment in the economic development of the country.

SECTION B (40 Marks)

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

3. Study the following table and then answer the questions that follow:

Production Possibilities	Quantity of capital goods	Quantity of consumer goods	Sacrifice of consumer goods for capital goods
A	0	14	
B	1	12	
C	2	10	
D	3	8	
E	4	6	
F	5	4	
G	6	2	

- (a) Fill in the table by calculating the sacrifice of consumer goods for capital goods.
 - (b) Construct the Production Possibility Frontier curve.
 - (c) What does Production Possibility Frontier illustrates? Give five points.
 - (d) Distinguish consumers' goods from Capital goods.
4. (a) Use the profit function to derive the profit maximization level of output.
(b) With the aid of diagrams, illustrate the equilibrium of the firm under perfect competition in the short run.
 5. (a) The manager of a hotel uses to sell 100 units of commodity X per day when price was 400/= per unit. When price of the commodity X rises from 400/= to 800/= per unit, the sales for commodity Y increases to 200 units per day.
 - (i) Calculate cross elasticity of demand.
 - (ii) Interpret your answer in (i).
(b) Briefly analyze five factors of elasticity of supply.

SECTION C (40 Marks)

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

6. "Most of the developing countries experience frequent constant rise in general price level of goods in their economies." Basing on this quotation, examine six factors that lead to demand pull inflation.
7. Explain six strategies to be adopted to move the population size of Tanzania towards the optimal level.
8. Most of the privatized companies in Tanzania have shown degrees of improved efficiency and higher profitability. Analyze six challenges that Tanzania has faced in the process of privatization.