

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

**151/1**

**ECONOMICS 1**

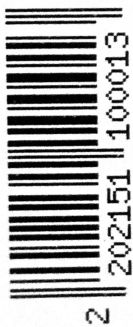
(For Both School and Private Candidates)

**Time: 3 Hours**

**Year: 2022**

**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 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 explain the following concepts:
  - (i) Dependence ratio.
  - (ii) An ageing population.
  - (iii) Optimum population.
  - (iv) Under population.
  - (v) Over population.
2. By giving five points, explain the importance of opportunity cost.

## SECTION B (40 Marks)

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

3. (a) Why a monopolist cannot charge any price in the market? Explain by giving five points.  
(b) Suppose a market for mobile phones has a demand function  $Q=1000 -10P$ , and the cost of the monopolist for producing mobile phones is  $C= 0.005Q^2+500$ .  
Find:
  - (i) Profit maximizing output level.
  - (ii) Price of mobile phones.
  - (iii) Maximum profit.
4. (a) What is cross elasticity of demand? Explain how it is calculated and interpreted.  
(b) Why does demand curve slope downwards from left to right? Explain by giving four points.
5. (a) Using illustration, show the stages of the law of diminishing marginal returns.  
(b) Explain five limitations of the law of diminishing marginal returns.

## SECTION C (40 Marks)

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

6. Examine six circumstances in which increase in money supply in the economy do not lead into increase in the general price level.
7. "Privatization is vital in improving the Tanzanian Economy." Substantiate this contention by providing five advantages and five disadvantages of privatization policy.
8. "Interaction between economic system and development is one of the major reasons for the existence of externalities." Justify this statement by giving six causes of externalities in the economy.