

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

151/1

ECONOMICS 1

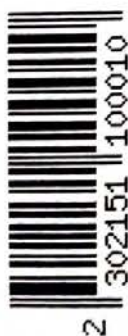
(For Both School and Private Candidates)

Time: 3 Hours

Year: 2023

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 choose **two (2)** questions from each 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 writing must be in **blue** or **black** ink **except** drawing which must be in pencil.
6. All communication devices and any unauthorised materials are **not** allowed in the examination room.
7. 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. Free market economy is driven by the forces of demand and supply and there is high consumer choice of goods and services and competition among producers. By giving five points, briefly explain the need of government interventions in the operation of free market economy.
2. "Oligopoly market structure may be homogeneous or differentiated by a few dominant firms." What could be the effects of oligopoly market in an economy? Briefly explain by giving five points.

SECTION B (40 Marks)

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

3. (a) State the law of marginal diminishing return and identify four assumptions supporting the existence of the law.
(b) Study the following table and answer the questions that follow:

Labour (L)	Total Product of Labour (TP _L)	Marginal Product of Labour (MP _L)	Average Product of Labour (AP _L)
1			24
2			36
3			46
4			54
5			60
6			64
7			66
8			66
9			64
10			60
11			54
12			46

- (i) Complete the table by computing Total Product of Labour (TPL) and Marginal Product of Labour (MPL).
 - (ii) Construct the Total Product of Labour (TPL), Marginal Product of Labour (MPL) and Average Product of Labour (APL) from the completed table.
4. A monopolistic firm supplies a commodity in two markets with two different demand functions as follows:
 $P_1 = 500 - Q_1$
 $P_2 = 300 - Q_2$

(P_1 and P_2 are the price and Q_1 and Q_2 are the quantities in two markets respectively). The firm total cost function is given as $TC = 50,000 - 100Q$;

- (a) Find the price and quantity of each market.
 - (b) Compute the profit or loss of monopolistic firm in each market.
 - (c) Which market a firm enjoys supernormal profit? Give a reason for your answer.
5. (a) Consider the following price and quantity supplied in the table for rice produced in a certain area.

Prices (Tsh.)	2	4	6	8	10	12
Quantity (in bags)	25	35	45	55	65	75

From the data given in the table:

- (i) Plot the supply curve.
 - (ii) Calculate the price elasticity of supply when price changes from Tshs. 4 to Tshs 10.
- (b) Suppose that a rise in raw materials costs in the table causes the producer to reduce supply by 15 bags at every price, plot a new supply schedule.
 - (c) Explain five circumstances in which demand is likely to be highly elastic.

SECTION C (40 Marks)

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

6. "The barter system of exchange experienced some weaknesses." Justify this quotation by giving six points.
7. Describe six challenges that were encountered in the implementation of population policies in Tanzania.
8. In six points, examine the negative impacts of unemployment in the economy.

