

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

151/2

ECONOMICS 2

(For Both School and Private Candidates)

Time: 3 Hours

Year: 2024

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 of sections B and C.
3. Section A carries **twenty (20)** marks, sections 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** drawings which must be in pencil.
6. 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).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. Distinguish between the following economic concepts:
 - (a) Tax evasion from tax avoidance
 - (b) Money burden of tax from real burden of tax
 - (c) Ad-Valorem tax from specific tax
 - (d) Capital gain tax from capital levy tax
 - (e) The incidence of a tax from formal incidence
2. "Planning is essential to make a proper use and allocation of scarce resources in the economy." Briefly elaborate the five main characteristics of the comprehensive plan.

SECTION B (40 Marks)

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

3. (a) The following table represents estimated national income values for a hypothetical economy in Tanzanian shillings.

Particulars	Tshs.
Gross National Product at market price	18,000.00
Capital Consumption	800.00
Indirect Tax	400.00
Subsidies	360.00
Personal Income Tax	700.00
Inflow of Capital from abroad	50.00
Government Transfers	800.00
Outflow of Capital to abroad	70.00

Use the information in the table to compute:

- (i) Depreciation
 - (ii) GDP_{mp}
 - (iii) NNP_{fc}
 - (iv) NIFA and comment on the answer.
- (b) Examine six problems encountered when determining national income by expenditure method.

4. (a) Study the data given in the table, calculate the terms of trade and fill in the blank spaces:

S/N	Price Index of Exports (P_x)	Price Index of Imports (P_m)	Terms of Trade
1.	115	110
2.	120	115
3.	130	120
4.	90	110
5.	80	95
6.	110	125

- (b) When are the terms of trade said to be favourable or unfavourable?
- (c) Differentiate favourable terms of trade from favourable balance of trade.
- (d) Is it true that favourable terms of trade always imply favourable balance of trade? Give three reasons for your answer.
5. (a) If the Bank of Tanzania reduces the discount bank rate to the commercial banks in the economy from 12% to 10%, what are the possible economic effects in the credit creation and the quantity of money in circulation?
- (b) Account for five main differences and three similarities between the central bank and commercial banks in the economy.

SECTION C (40 Marks)

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

6. "The marketing boards help farmers to sale agricultural products at the best possible agreed prices provided they meet the specifications laid down by the board". In six points, evaluate the contribution of the marketing boards in the Tanzanian economy.
7. "Economic development involves an increase in gross national product and improvement in the welfare of the people." Substantiate this quotation by giving six indicators of economic development in the Tanzanian economy.

8. “Large scale farming of cash crops promotes the increase in efficiency and standard of living of the people in the economy.” Justify this statement by giving six advantages of cashew nuts production in the Tanzanian economy.