#### THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



# CANDIDATES' ITEM RESPONSE ANALYSIS REPORT FOR THE ADVANCED CERTIFICATE OF SECONDARY EDUCATION EXAMINATION (ACSEE) 2019

# 151 ECONOMICS

### THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



# CANDIDATES' ITEM RESPONSE ANALYSIS REPORT FOR THE ADVANCED CERTIFICATE OF SECONDARY EDUCATION EXAMINATION (ACSEE) 2019

## **151 ECONOMICS**

| Dar es Salaam, Tanzania.                            |  |
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The National Examinations Council of Tanzania,

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#### **FOREWORD**

The National Examinations Council of Tanzania is pleased to issue the Candidates' Item Response Analysis (CIRA) in Economics subject for Advanced Certificate of Secondary Education Examination (ACSEE) 2019. The analysis provides feedback to educational administrators, students, teachers, parents, policy makers and the public in general on the performance of the candidates.

The Advanced Certificate of Secondary Education Examination (ACSEE) marks the end of the two years of Advanced Secondary Education. It is a summative evaluation which shows, among other things, the effectiveness of the education system in general and the education delivery system in particular. Essentially, the candidates' responses to the examination questions is a strong indicator of what the education system was or was not able to offer to the candidates in their two years of Advanced Secondary Education.

The analysis presented in this report intends to contribute towards the understanding of possible reasons behind the candidates' performance in each question. The report highlights some of the factors that made the candidates to score high marks in the questions. They include the ability to adhere to the demand of the questions, identify tasks of the questions, express themselves in English Language and the acquisition on knowledge of the concepts related to the subject.

Furthermore, the analysis highlights the factors that made a few of the candidates to score low marks in the questions. Such factors include failure to adhere to the demand of the questions, failure to identify the tasks of the questions and lack of knowledge on the question related to the subject.

The feedback provided will enable the educational administrators, school managers, teachers and students to identify proper measures to be taken in order to improve the candidates' performance in future examinations administered by the Council.

Finally, the Council would like to thank the Examinations Officers, Examiners and those who participated in processing, analysing and preparing this report.

Ma

Dr Charles E. Msonde **EXECUTIVE SECRETARY** 

#### 1.0 INTRODUCTION

This report represents the performance of the candidates who sat for the Advanced Certificate of Secondary Education Examination in May 2019 in Economics subject. It shows how the candidates performed on each question per topic.

The examination tested the candidates' abilities as per requirements of the 2009 syllabus. The examination comprised of two papers: 151/1 Economics 1 (Economic Theory) and 151/2 Economics 2 (Economic Development). Each of the examination paper consisted of 8 questions which were distributed into sections A and B. In each, paper the candidates were required to answer 5 questions by choosing at least 2 questions from each section. Each question carried 20 marks.

A total of 11,377 candidates sat for the ACSEE 151 Economics paper, out of which 11,103 (98.25%) candidates passed this examination and 198 (1.75%) candidates failed. Generally, the candidates' performance in 2019 has increased by 1.63% when compared to 2018 performance where a total of 11,126 candidates sat for the examination, 10,682 (96.62%) candidates passed and 374 (3.38%) candidates failed.

This report provides the analysis of each question by giving an overview of what the candidates were required to do, the way they responded to the questions and the reasons for their good or poor performance. The candidates' performance in each question was considered weak if the candidate scores range from 0 to 6.5, average if the scores range from 7 to 11.5 and good if the scores range from 12 to 20. The overall candidates' performance in the entire examination was considered weak if the candidates' scores range from 0 to 34%, average if the scores range from 35 to 59% and good if the scores range from 60 to 100%.

Special colours have been used to show the candidates' performance, whereby green stands for good, yellow for average and red for weak as seen in the graphs and in the appendix. Some extracts of the answers showing the candidates responses have been included in order to provide a general overview of the way candidates responded in accordance with the demand of each question.

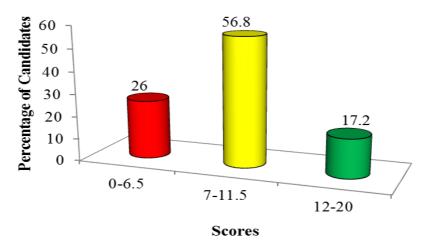
# 2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION

#### 2.1 PAPER 1: 151/1 ECONOMIC THEORY

#### 2.1.1 Question 1: Subject Matter of Economics

This question had parts (a) and (b). In part (a), the candidates were required to explain five limitations of macroeconomic analysis. In part (b), they were required to give five points on demerits of capitalism.

The question was attempted by (6,557) 57.6 percent of the candidates, out of which (1,125) 17.2 percent scored from 12 to 19 marks, (3,724) 56.8 percent scored from 7 to 11.5 marks and (1,708) 26.0 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 74.0 percent scored 7 marks and above. Figure 1 shows the distribution of the candidates' scores.



**Figure 1:** Candidates' Performance in Question 1.

The candidates who performed well in this question were able to meet the prerequisites of the question. This indicates good mastering of the subject matter. For example in part (a), a candidate managed to explain five limitations of macroeconomic analysis as *fallacy of composition*, statistical and conceptual difficulties, aggregates are considered to be homogenous variables, aggregate variables may not be important or necessary and misleading in the economy. In part (b), the candidate managed to give demerits of capitalism by providing five points as income inequalities, increase of social cost, emergence of classes in social stratification and exploitation, welfare goods are ignored and unemployment is common. This shows that the candidate had acquired enough knowledge and skills in that particular topic. A sample of a good response is shown in Extract 1.1.

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Extract 1.1 is a sample of a well answered question.

In this Extract the candidate who managed to explain the limitations of macroeconomic analysis in part (a) and also gave the demerits of capitalism in part (b).

The candidates with moderate scores failed to explain limitations of macroeconomic analysis while others explained partially. In part (a) for example, one of the candidates explained less than the required correct points. The candidate managed to provide two points out of five required. In part (b), some of the candidates were able to provide few points required and other points were immaterial. This indicates that the candidates were incompetent in the subject matter.

However, few candidates who performed poorly failed to explain five limitations of macroeconomic analysis. For example in part (a), one of the candidates incorrectly explained the limitations of macroeconomics as through the use of chemicals, population pressure through agriculture and poor use of tools. In part (b), most of the candidates failed to give the demerits of capitalism. For example, one of the candidates provided points like: low thinking capacity, low production, the use of low tools and low ideas exchange. Extract 1.2 shows a sample of a poor response.

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Extract 1.2 is a sample of a poor response.

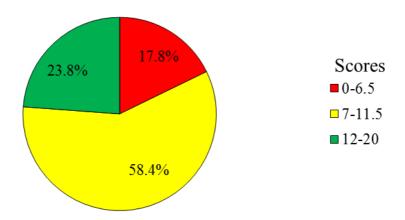
The Extract shows a candidate who failed to explain limitations of macroeconomic analysis in part (a). Also he or she failed to explain demerits of capitalism in part (b).

#### 2.1.2 Question 2: Production

This question had two parts, (a) and (b). In part (a), the candidates were required to elaborate four factors which limit the law of diminishing marginal returns to operate. In part (b), they were required

to analyse six factors that contribute to low efficiency of labour in Tanzania.

The question was attempted by (7,341) 64.5 percent of the candidates, out of which (1,749) 23.8 percent scored from 12 to 19 marks, (4,287) 58.4 percent scored from 7 to 11.5 marks and (1,305) 17.8 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 82.2 percent scored 7 marks and above. Figure 2 shows the distribution of the candidates' scores.



**Figure 2:** Candidates' Performance in Question 2.

The candidates who performed well in this question were able to identify the task of the question. They demonstrated factors which limit the operation of the law of diminishing marginal returns in part (a) and analysed the factors which influence productivity of labour in the economy in part (b). For example in part (a), a candidate elaborated factors which limit the law of diminishing marginal returns to operate as: cannot be applied in the long run period, is not used in advanced technology, does not consider other factors which may lead into diminishing returns in production, etc. In part (b), a candidate managed to analyse factors that contribute to low efficiency of labour in Tanzania by providing the points like inefficiency of the cooperant factors of production, low level of wages to labour, poor working environment for labour, low level of education and experience for most labourers in Tanzania and long working hours, as shown in the Extract 2.1.

| 2(a)  | law of diminishing return states that " if equal  |
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| -     | process of production while other foether like capital Land   |
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|       | after a time they will start to decrine. Factor which I mid law af return to operate areas follows.   |
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|       | factors but in limiting period there's only vallable  |
|       | factor there it can not be welin longrunperiod.   |
|       | factors there it can not be welin longramperiod.  It is not work with advanced technology: The  |
|       | law of diminishing raturn assumes that there is constant state of technology, so when technology improved this law can not be wed in operation of productions |
|       | state of technology. So when technology improved this   |
|       | law can not be wed in operation of productions  |
|       | If does not consider other tactor which may   |
|       | decline production; if consider only labour but there is  |
|       | other factor lite payment of Labour, pearle of mind which   |
|       | may also leads to decrine in production.  |
|       | Assumes labour are homogeneous; but in  |
|       | reality labour affer in efficiency so labour can  |
|       | not be the same or equal level in production this makes   |
|       | the law not be awidered in dairly production achuities.   |

| The law of diminishing return does not take   |
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| experience of labour may lead to election of Total  product, Marginal product and Drawage product.  The Law is applicable only in a Short run  because involve the change of the one variable  relate other Jactors are kept Fixed. The Law  it can not be applicable in a long run because  In the Longrum the variable and Fixed Jactors  tend to Change.   |
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| In the Longrum the variable and fixed Jactors  tend to Change.  The allow assume that only factor a home  genow and perfect clear divisible white in  normal arcumstance the factors of production  are not homogeneous and it was obstraill  to divide them equal in the production proof  Generally asso the law of dimuning return  was rethreted to Land only and ignore the  other Jactors, the law also it applicable  most diving the Short run period |
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Extract 2.1 is a sample of a good response.

In the Extract a candidate who was able to elaborate factors which limit the law of diminishing marginal returns to operate in part (a). The candidate was also able to analyse factors that contribute to low efficiency of labour in Tanzania in part (b).

The candidates who scored averagely failed to elaborate factors which limit the law of diminishing marginal returns to operate

despite the fact that others explained partially. In part (a) for example, one of the candidates managed to provide three points out of four essentials required. In part (b), some of the candidates were able to analyse three points but failed to support them in detail.

Additionally, the candidates who performed poorly in this question failed to respond to both parts (a) and (b). In part (a) for example, one of the candidates failed to elaborate factors which limit the law of diminishing marginal returns to operate by giving points, such as income of the consumer, substitute goods, change in the number of the consumer and climate change. In part (b), few candidates failed to analyse factors that contribute to low efficiency of labour in Tanzania. For example, one of the candidates provided wrong response, such as shortage of enough capitals, shortage of reliable market, lack of enough funds, low level of science and technology, price fluctuation of crops and increase in level of tax. Extract 2.2 shows a sample of a poor response.

| Law of diminishing returns   |
|--|
| this states as the Consumer  |
| Consumer more and more   |
| Consumes more and more Units the ordput tends to Chemo as the Consumption of   |
| Chemo as the Consum stron of   |
| the Consumer, but to that Ho   |
| following at the factors while   |
| To Journal and allow actions   |
| limits to lace of diminishing returns to operator: - Incomo of the Consumer  |
| Herum to operation   |
| Income of the consumer   |
| FILE INCOME OF VILLE (MILLIMON)  |
| Is cow this will course the  |
| Consumer to stop Consuming   |
| Consumer to stop Consuming   |
| lead to the law of dimini-   |
| Thing Marginal to part to  |
| operale.   |
| Substitute goods: Also   |
| the supplied to the supplied t |
| this are the factors which   |
| umil The operation of UD   |
| law of diminishing Marsinel  |
| Afterny forexample loffee and  |
| lea the rise of one Commadety  |
| lead tothe dellero of mother.  |
|  |

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| 26 Condition of the labour      |
|---------------------------------|
| It to labour & feet This well   |
| lead both lover efficience of   |
| Caborer forexompte on the       |
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| is tell for not work propery    |
| tenerally, the love efficience  |
| of the laborer has prough high  |
| effects : loto le deleno of     |
| Competition of banzones product |
| in 'll world Market'            |

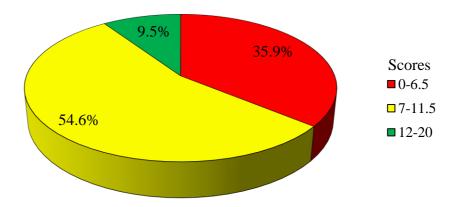
Extract 2.2 is a sample of a poor response.

The Extract shows a candidate who failed to elaborate factors which limit the law of diminishing marginal returns to operate in part (a). He or she also failed to analyse factors that contribute to low efficiency of labour in Tanzania in part (b).

### **2.1.3** Question 3: Theory of the firm

This question had parts (a) and (b). In part (a), candidates were given the cost and demand functions and were required to determine the following: (i) profit maximizing output and total revenue maximizing output, (ii) maximum profit, (iii) maximum revenue and (iv) total cost. In part (b), the candidates were required to describe six roles of profit in the economy.

The question was attempted by (7,769) 68.3 percent of the candidates out of which (737) 9.5 percent scored from 12 to 19.5 marks, (4,244) 54.6 percent scored from 7 to 11.5 marks and (2,788) 35.9 percent scored from 0 to 6.5 out of the 20 allotted marks. The candidates' performance in this question was generally good (64.1%). Figure 3 shows the distribution of the candidates' scores.



**Figure 3:** Candidates' Performance in Question 3.

The candidates who performed well in this question were familiar with mathematical skills applied in economics. For example in part (a), a candidate managed to determine the required variables, such as: (i) profit maximizing output and total revenue maximizing output, (ii) maximum profit earned to a firm, (iii) maximum revenue earned to a firm and (iv) total cost (TC) incurred by a firm at maximum profit in the economy. In part (b), the majority of the candidates managed to describe the roles played by profit in the economy. For example, one of the candidates provided responses, such as: increase in efficiency, expansion of the business, bearing of the business risk, to stimulate investment, to increase production and to carry out research, as shown in the Extract 3.1.

| 3 | a) Solution:                        |
|---|-------------------------------------|
|   | i) Profit maximizing out put        |
|   | andition                            |
|   | MR=MC                               |
|   | T1=10 +592.                         |
|   | Mc=d(Tc)=100                        |
|   | da                                  |
|   | P= 140-29                           |
|   | TR= PXQ                             |
|   | TR=(140-29)9                        |
|   | TR= 1400 -202,                      |
|   | MR= 140-49                          |
|   | MC=MR                               |
|   | 140-49=109                          |
|   | 140= 149                            |
|   | 14 14                               |
|   | Q = 10. ", Protet maximising output |

| 3 0) |   |
|------|---|
| 7 40 | Total revenue maximizing offt put.                    |
|      | TR= (140 -29) P                                       |
|      | TR= 1409 -292'  |
|      | MR= 140-49  |
|      | MR=D.   |
|      | 140-40=0.   |
|      | 140=40  |
|      | 4   |
|      | Ø= 35   |
|      | Total revenue maximizing output is 25.                |
|      |   |
|      |   |
|      | it) Maxemum profit.                                   |
|      |   |
|      | TR= 140Q-2Q2 *  |
|      | [b= 140 (10) - 5 (10), = 1500                         |
|      | TC= 10+5(10)2 = 510                                   |
|      |   |
|      | Profit = 690.  Marimm profit enable to a firm is 690. |
|      | Profit = 690.   |
|      | Marinu profit enable to a firm i's 690.               |
|      |   |
|      |   |
|      | ;'ii) Maximum revenue eanable                         |
|      |   |
|      | $\Delta L = 140(37) - 5(37)_5$                        |
|      | TR= 2450.   |
|      | 112-1130  |
|      | .'. Total revenue e nable to a firm is 2450.          |
|      | V 1 1-101   |

| 3 0) | (v) TC= 10+5P2.                                |  |
|------|--|--|
|      | 10= 10+ 2(10)s.                                |  |
|      | $T_c = 510$                                    |  |
|      | "Total cost lucurred by profit itia" a firm at |  |
|      | maximum profit 1:1 510.                        |  |

| (b) Projet is the Mward of the factor of production that is enterpreneur after bearing the Msk of the  |
|--|
| that is enterpreneur after bearing the risk of the   |
| MICHALL  |
| Promote efficients; Prosit ructuase and promote  |
| executer to the enterpreneur whereby it make the entre   |
| preneur be poverful and be eurouraged in the performa  |
| nce of his activities to the business he has initiated to  |
| when he is monuated he will head to the development  |
| of the economy since he will be monually to employ   |
| another people and langue the problem of unemployment  |
| bught be reduced.  |
| Expandion of the business. Through profit the busi   |
| new is able to expand in size interm of increase   |
| and enlarge the buildings, shift from small scale  |
| to large scale, and also the entrepreneur will be  |
| able to get a consmiss of sale like marketing econo  |
| The state of the s |

| 21) nies Imancial, buying economies and offers which  |
|---|
| The will be more effectent and be able to increase  |
| Bearing of the business risk; profit is the   |
| reward for bearing of the risk to the entrepreneur  |
| after the panning of all parters of production such as  |
| Bearing of the business risk; profit is the reward for bearing of the risk to the entrepreneur after the payment of all factors of production such a labour (apital and Land Is the residual amount |
| remained It eurourage the unhapteneur in his pergo  |
| mance and also notrate after people who pear for  |
| the rick in to the business.  |
| To Stimulate investment; Due to the profit is   |
| where saving can take place, because every factor of  |
| production will be paid to the residual amount  |
| remained for the enterpreneur which is now a  |
| projet will be invested to another economic achi  |
| rites such as industrialization and Agriculture.  |
| In increase anduelson. Dropio Tend to Inclear   |
| production in the firm means 10 merease supply so   |
| IT has the reduced the chance of hortage undruging  |
| then there will increase gross domestic products and  |
| hence government kevenue increases, when the owner  |
| that is enterpreseur has oldoed to use us progri  |
| to re-invest in his business Heregore he will increa  |
| se production.  |
| To carry out research: Prozet play the role of  |
| Carrying out research by the entrepreneur concerning  |
| the market means Level of demand, also level of   |
| the market means here! of demand, also revel of competition and the market pra, by doing so, the  |
| knowner will be able to acquire and introduce   |
| his own technique so as to win the market, there  |
| fore projet will finance market research.   |
| W   |

Extract 3.1 is a sample of a well answered question.

In this Extract a candidate who was able to determine: (i) profit maximizing output and total revenue maximizing output, (ii) maximum profit earned to a firm, (iv) total cost (TC) incurred by a firm at maximum profit and (iii) maximum revenue earned to a

firm. In part (b), the candidate managed to describe roles played by profit in the economy.

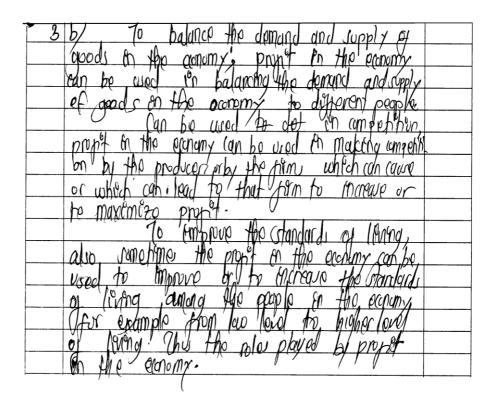
However, the candidates who scored moderately gave incorrect answers due to inadequate mathematical skills and application of wrong formula in calculation. The candidates scored less marks in both parts (a) and (b) because they provided sufficient but unsupported points as required by the question. This is due to failure to understand the demand of the question.

Moreover, the candidates who performed poorly in this question failed to apply mathematical skills and the required formula in determining the required variables. In part (a) candidates failed to compute for (i) profit maximizing output and total revenue maximizing output in (ii), maximum profit earned to a firm in (iii), maximum revenue earned to a firm in (iv) and total cost (TC) incurred by a firm at maximum profit. In part (b), some of the candidates failed to describe six roles played by profit in the economy and provided points, such as to expand the size of the market, to buy factors of production, to balance the demand and supply of goods in the economy, to be used in competition and improve standard of living. Extract 3.2 shows a sample of a poor response.

| 3 | w coln   |
|---|--|
|   | Given  |
|   |  |
|   | P - 146 - 20<br>1C = 10 + 50 <sup>2</sup>            |
|   | D projet maximizing output and total manu minimizing |
| _ | output.  |
|   | The fram maximize propos whereby METAL               |
|   | MV S VXTP  |
| - | 80   |
| - | but TP = PXO<br>TP = (140-20)O                       |
| + | TD = (140-20)0                                       |
| + | Then TP = 1400 - 26.                                 |
| - |  |
| + |  |
| _ | DO SO-<br>MP = 140-20                                |
|   | MR = 140-20  |
|   | Then   |
|   | MC = STC : drof502)                                  |
|   | do do  |
| _ |  |
| _ | MC = 50  |
| - | Therefore  |
| + | 140-20=50  |
| + | 140 - 50 + 20  |
| + | 140 = 70   |
| + | 7 20   |
| 1 | The proprit Maximizing output = 20                   |
| 1 | - THE PLAN MANINERY OUTPUT - 20                      |
|   |  |
|   |  |

| The total perende maximizing output is soon,    The Te - Te     The total perende maximizing output is soon,    The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizing output is soon,   The total perende maximizi                           | 3 a) in Then                                   |     |
|--|--|-----|
| but @= 20<br>  Te = 140(20) - 2(20) <sup>2</sup><br>  Te = 2,000<br>  The total revenue maximizing output & 2000,<br>  In   Maximum proper cannot to a fam.<br>  To = 12 - 7C<br>  To = 10 + 5(20) <sup>2</sup><br>  To = 10 + 2,000<br>  To = 2000 - 2010<br>  Total cost (Tc) enough by a fam of maximum proper<br>  maximum proper<br>  Total cost (Tc) enough by a fam of maximum proper<br>  Ooln   | 10= 140Q - 20°                                 |     |
| The total revenue maximizing output & 2000,  in Maximum proper control to a firm.  The total revenue maximizing output & 2000,  The total revenue maximizing output & 2000,  The total revenue maximizing output & 2000,  The property output & 2000,  T                         | hut 0= 20                                      |     |
| The total revenue maximizing output & 2000,  in Maximum proper control to a firm.  The total revenue maximizing output & 2000,  The total revenue maximizing output & 2000,  The total revenue maximizing output & 2000,  The property output & 2000,  T                         | TO= 140(20) - 2(20)2                           |     |
| The total revenue maximizing output is 2000,  ip Maximum proper carnable to a fam.  Color  The TR-TC  buil TP= 2,000  TC=10 t \$(20)^2  TC=10 t \$(20)^2  TC=2000  TC-2010  TI=12-TC  TI-2000-2010  TI-10 Vaximum proper carnable to a family is 100  PI                       |  |     |
| ip Maxemum proper carrable to a ferm.  Color  11 - TR - TC  but TR = 2000  TC = 10 + 50 <sup>2</sup> but 0=20  TC = 10 + 5(20) <sup>2</sup> TC = 10 + 2,000  TC = 2010  TI = 10 - TC  TI - 2000 - 2010  TI - 10  Total roof (TC) encured by a ferm of maxemum proper  maxemum proper  Uoln  TC = 10 + 50 <sup>2</sup> but 0=20   |  |     |
| Total cost (TC) encurred by a firm of   maximum property of the property of                            | :- The total revenue maximizing output & 2000, |     |
| Total cost (TC) encurred by a firm of   Markmum property of the property of                            | ip Maxemum proper cornado to a form.           |     |
| but TP = 0,000<br>TC = 10 + 50 <sup>2</sup> but 0=26<br>TC = 10 + 2,000<br>TC = 0010<br>TI = 10 - 7C<br>TI = 2000 - 2010<br>TI = -10<br>'i The Maximum proper earnable to agricing 6-100<br>Properties of TC enamed by a princit maximum properties of the control of the cont | dolo   |     |
| TC = 10 + 50? but 0=26  TC = 10 + 5(20)?  TC = 10 + 2,000  TC - 2010  TI = 10 - 7C  TI - 2000 - 2010  TI - 10  The Maximum proper earnable to approve to 6100  Property of the                         | 11 - 7e-7c                                     |     |
| TC = 10 + 50? but 0=26  TC = 10 + 5(20)?  TC = 10 + 2,000  TC - 2010  TI = 10 - 7C  TI - 2000 - 2010  TI - 10  The Maximum proper earnable to approve to 6100  Property of the                         | but TP = 0,000                                 |     |
| TC = 10 f 5(20) <sup>5</sup> TC = 10 f 2,000  TC = 2010  TI = 10 - 7C  TI - 2000 - 2010  TI - 10  The Plaxemum proper earnable to appen es 610  Fi) Total cort (TC) enamed by a perm est maximum proper  Ooln  TC = 10 + 50 <sup>2</sup> but 0 = 20  | 70 = 10 + 50° but Q= 20                        |     |
| TC = 2010  TI = 12 - 7C  TI - 2000 - 2010  TI - 10  The Maximum proper earnable to affirm is 610.  Fi) Total roof (TC) incurred by a prim at maximum proper  Ooln  TC = 10 + 50 <sup>2</sup> but 0= 20   | 7c = 10 f 5(20)8                               |     |
| The Maximum proport carnado to aprimio 610)  The Maximum proport carnado to aprim of 610)  Total roof (Tc) charged by a prim of maximum proport  Ooln  To = 10+50 <sup>2</sup> but 0=20  |  |     |
| 1) Total cort (TC) crowned by a firm of maximum projet  Ooln  To = 10 + 50 <sup>2</sup> but 0= 20  | 70 - 2010                                      |     |
| 1) Total cort (TC) crowned by a firm of maximum projet  Ooln  To = 10 + 50 <sup>2</sup> but 0= 20  | # = 1e - 7c                                    |     |
| Maximum proper of the control by a primate of the control of the c                         |  |     |
| Maximum proper of the control by a primate of the control of the c                         | 15 the Opening and a mile to recent the        | _   |
| Maximum proper of the control by a primate of the control of the c                         | THE PARAMUM PLOPE ENTRAGE TO ANY MICHELLING    | ))  |
| 1000000000000000000000000000000000000  | V V  | 1 1 |
| $\frac{000n}{7r = 10 + 50^2}$ but 0= 20  | Waxtune out of                                 |     |
| 70 = 10+50° but 0=20   | Ooln   |     |
| 50 - 1 5 (0 N2   | 70 = 10+502 but 0= 20                          |     |
| $\frac{1}{10} = 10 + 5(20)$  | TC = 10 + 5(20) <sup>2</sup>                   |     |
| $T_{1} = 000$  | 7/2 2010                                       |     |
| i' The total cours mound by a figm at  | i' The total cours mound by a some at          |     |
| maximum 2010/2 (1) 2010/2  | maximum snyof by 2010 E                        |     |

| 5 (d / 1) 1 // admiss some 1] - 1               |
|---|
| 3 a) iii) Maximum revenue extrable to a form-   |
| John O  |
| from  |
| P:140-20  |
| TE2 OXA   |
| TR 2 (140 - 20)0.                               |
| TR: (140-20)0<br>TR: 1400-202<br>but 0:20       |
| 1 1 0 - 00                                      |
| DV 0-20   |
| TR= 140(20)-2(20)2                              |
| TR = 140(20) - 800                              |
| 10 2 2000 - 000                                 |
| 12 - 2800 - 200<br>12 - 2,000 /2                |
| : Laxemum revenuo camable to a ferm or soont    |
| A SOMMULL MANAGE TO A JULIA OF 2000/2           |
| b/ Proper the en the amount or more company     |
| d I have the                                    |
| on the business after the entrepreneur have     |
| boon pared all factors of production Julian     |
| rent, wayes a market the tollwing               |
| are the poly, played by proper in the evenion,  |
| To allocate reduces proper can be               |
| 1 1210d To allocate marzino's longa language    |
| at a given pened of time.                       |
| 1 1 0 000000 V HAD (1990 O) AND MOUNTAIN        |
| proport on the economy an importance be used    |
| en organismy the size of the market where       |
| and when the or notification                    |
| To buy tached as production that                |
| C also the cold lagged by project in the        |
| man m   |
|   |
| 7   |
| of production of what as Mainter, Traditions, V |



Extract 3.2 is a sample of a poor response.

The Extract shows a candidate who failed to apply the formula of computing profit maximizing output and total revenue maximizing output, maximum profit earned to a firm, maximum revenue earned to a firm and total cost (TC) incurred by a firm at maximum profit in part (a). He or she also failed to describe six roles played by profit in the economy in part (b).

## 2.1.4 Question 4: Population

This question had parts (a) and (b). In part (a), candidates were required to provide the meaning of (i) Population size and (ii) Over population. In part (b), the candidates were required to justify the statement that "High rate of population growth in Tanzania has contributed to the deterioration of the standard of living" by giving eight points.

The question was attempted by (10,458) 91.9 percent of the candidates, out of which (6,226) 59.5 percent scored from 12 to 20 marks, (3,710) 35.5 percent scored from 7 to 11.5 marks and (522) 5.0 percent scored from 0 to 6.5 out of the 20 allotted marks.

Generally, the performance of candidates in this question was good, as 95.0 percent scored 7 marks and above. Figure 4 shows the distribution of the candidates' scores in question 4.

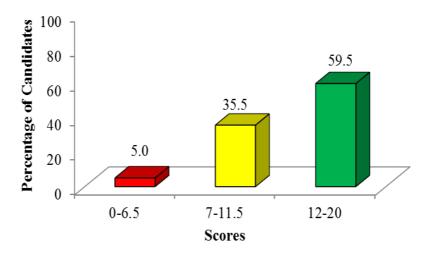


Figure 4: Candidates' Performance in Question 4.

Most of the candidates who performed well in this question had sufficient knowledge of the subject matter. In part (a) (i) for example, one of the candidates was able to give the meaning of population size as: The number of people or population in a certain geographical area over a specific period of time and in (ii) Overpopulation as: The type of population in relation to resources, Overpopulation occurs when population is greater than the available resources. Furthermore, in part (b) the candidate was able to justify the statement that "High rate of population growth in Tanzania has contributed to the deterioration of the standard of living" by giving points such as: unemployment, inflation, emergence of social crimes, increase in the number of Dependency Ratio, environmental pollution, poor provision of social services, spread of diseases and over exploitation. Extract 4.1 shows a sample of a candidate who responded well in this question.

| 4 (a) O Population size.   |  |
|--|--|
| Refer to the number of people or population in the certain appropriate |  |
| raphical area over a specific period of time. The population size      |  |
| might be large or small depend on the different factor, such.          |  |
| a death birth and migration for both emmigration and imigrate          |  |
| pv.  |  |
|  |  |
| (ii) Overpopulation  |  |
| Refer to the type of population with relation to recourse, this every  |  |
| apulation occur when population is greater than resources avail        |  |
| lable; they much occur or formed due to different various factor       |  |
| s such as high birth rate and high rate of imigration when large       |  |
| number of people move found our nation due to war reartique            |  |
| ker and disease or for the aim of searching employment.                |  |
| <b>9</b>   <b>9</b>  |  |

| All the rate of population growth role, refer to the increase in number of people to the country. The receive the thin it high little rate lew modelity rate, movement of people from public the country to the country and rural to inform my asken might lead to high rate of population growth. In Torsania.  The following are the contribution of the high rate of population are the contribution of the high rate of population. Growth to Torsania the iterated of living.  Unemployment, the take of being jobber, this is council in a torsand of people that he population over the country, therefore the living stranded of people nord can not able to purchase some bould need example tood scholler and clother.  Inticks, the population increase in govered price level that might occur, if the purchasing power of people increases in the large population increases, therefore increase in piece level that might occur, if the presentant of living of people, since the poople can not affect the strandard of living of people, since the poople can not affect the poople that is fixed to him to her and council the lead to affect the poople that is fixed to him to her and council the tord the affect the poople of the poople since the poople of the poople of the poople of the poople of the living of people of the control of the poople of th |    |  |
|--|----|--|
| number of people is the country. The recus the this is high lite to the model the movement of people from subside the country to the country and rural to inhor my makes anight lead to my the following are the contribution of the high rate of population growth. In Torsania.  The following are the contribution of the high rate of population are the country. This is eased to growth in Torsania to determining the iterdand of living.  Unemployment, the state of being jobles, this is eased to grow the population are the country, therefore the living standard of people tood to be affected since mong people will remain jobles and cannot able to purchase some basic needs example tood, shalter and clother.  Intiches, the persistent increases in general price level, the large population increases, therefore increase is price level, the large population increases, therefore increase is price level, the large population increases, therefore increase is price level, the large population increases, therefore increase is price level, the large population increases, therefore increase is price level, the large population increases, therefore increase is price level, the large and affect the affect the population of the might be considered to affect the population of the might be considered and the population of the affect the affect the affect of affect the increase of dependency ratio payers because of robbasis emmorgance.  Increase in the population of the people in the people of the people | 46 | High rate of population growth rate refer to the increase in       |
| rate, low modelity role, movement of people from outside the country to the country, and rural to interm miscakes anight lead to mush to the following are the contribution of the high rate of population growth in Torrara to determining the iteratoral of living.  Unemployment, the state of being jobles, this is caused to growth in Torrara to determining the iteratoral of living.  Unemployment, the state of being jobles, this is caused to increase in the population over the country, therefore the living stradoid of people toad to be affected since mong people will remain jobles, and can not able to pushase some bosic needs example food, shalter and clother  Infliction, the population increases in gone of price level, that missist account the porture increase in gone of price level, that notifies are people, since the poet that increase in price level, that after the large population increases, therefore increase in price level, the large population increases, therefore increase in price level, the large that the after the after the population, the missister of people, since the poet of the population, the missister of the population, the missister of the population  |    | number of people in the country. The recus for this is high birth  |
| country to the earntry, and rural to urban miscakes anight leed to high rate of population growth in Torsania.  The following are the contribution of the high rate of population growth in Torsania to deterturating the iteratard of living.  Unemployment, the state of being policy, this is caused by increase in the population are the country, therefore the living standard of people toad to be affected since mong people will remain joblay, and can not able to purchase some basic needs example toad, shalter and clother  Infleks, the possistent increase in general price level, that institut account the possiblent increases, therefore increase in price level, that affect the affect the standard of living at people, since the possiblent increases, therefore increase in price level, the large population increases, therefore increase in price level, the large population increases, therefore increase in price level, the large population increases, therefore increase in price level, the large the population of allowed the process of a few that is a part that is a possible to the process of the population of the increase of dependency ratio parents because and at pagent end to depend only ratio, the increase of dependency ratio parents because the dependency ratio parents because the transport of the population on them therefore a defension in him standard of people in the more the population of the order the population of the order of o |    | rate low modality rate movement of people from outride the         |
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| 46) too provision of social services the increase in population               |  |
|---|--|
| might lead to the poor provision of social service brample educati            |  |
| on health relactivistic and water supply services therefore the par           |  |
| or unequal powskin of such services might lead to defendating of stand        |  |
| and at Ming of people.  |  |
| Spread of discases such as HIV/AID due to congestion of                       |  |
| people in area, this also cause the standard of living of people to be affect |  |
| dy since the possen might use a lot of money in health freatment              |  |
| rather than economic activities   |  |
| Overexploitation of resources such as mineral, the emanute                    |  |
| nce might lead to determing in living standard of people, usince              |  |
| the overexploitation of resource leads to exhauton of minarisand              |  |
| other reprinces therefore people might remain unemployed and lateron          |  |
| lead to the occurrence of poor living stordard.                               |  |
|   |  |

Extract 4.1 is a sample of a good response.

In this Extract a candidate who was able to give the meaning of (i) Population size and (ii) Overpopulation in part (a). He or she also managed to justify the statement that 'high rate of population growth in Tanzania has contributed to the deterioration of the standard of living in part (b).

Furthermore, some of the candidates who scored average marks, in part (a) managed to explain the concept of Population size in (i) and Overpopulation in (ii) even though were unable to justify that "high rate of population growth in Tanzania has contributed to the deterioration of the standard of living" in part (b). This indicates that the candidates were less equipped with the relevant knowledge on the particular topic.

On the other hand, candidates with poor performance in this question failed to recognize the task of the question. In part (a) for example, one of the candidates provided the meaning of (i) Population size as: The increase number of people living in the geographical area at given period of time, and in (ii) Over population as: The situation whereby the number of people in the country is in excess than natural resources. In part (b), poorly performed candidates were unable to give correct justification on how the higher rate of population growth

in Tanzania has contributed to the deterioration of the standard of living. For example, one of the candidates provided incorrect points such as: availability of food, improvement of transport and communication, improvement of science and technology, improvement of raw materials, improvement of health services, provision of education and creation of employment opportunities. Extract 4.2 shows a sample of this response.

| 4: | @  |
|----|--|
|    | (ix population sire; Is the increase or decrease   |
|    | number of population in the geographical areas.  Forexample increase mean birthrate and decrease  mean death rate:   |
|    | Frexando increase mean both rate and decrease  |
|    | man doth mo  |
|    | THEZEN CLEAN THE   |
| -  | in our like the  |
|    | clip Overpopulation: Is the situation where the  |
|    | number of people is greater than the natural   |
|    | resource available:  |
|    |  |
|    |  |
|    | 6 High rate of population growth: Is the   |
|    | (b) High rate of population growth: Is the increase number of brith rate in 1000 year in geographical area. The high rate of population growth which are course followings reasons due to the follows: |
|    | geographical area. The high rate of population   |
|    | growth which are Course followings reasons due to  |
|    | the follows:   |
|    | Angilability of food when the food   |
|    | I il cours the his on al with rate which naces   |
|    | Availability of find when the find which cause the high rate of both rate which naces in the areas firexample in mercanare the availability of finds take place compare to another like                |
|    | to the area find apple or from the control like  |
|    | hily of frodes take place compare to be and  |
|    | rural area Typpopement   |
|    | malability of transport and Communication  |
|    | Analogotty of transport and Communication; When the transport and Communication like roads,  |
|    | railran which are cause the high rate of population  |
|    | growth, when the improvement of transport and Communication which are cause the high rate of   |
|    | Communication which are cause the high rate of   |
|    | 1 - 1 1/2 W  |
|    | Improvement of saira and technology;   |
|    | Improvement of saina and technology:  When the saina and technology which cause  high rate of population growth in the geographin  Cal area, when the saina and technology like                        |
|    | hist rate of occulation growth in the geographia   |
|    | Col area, when the clients and technology like   |
| -  | Internale, Computer and other.   |
|    | WHOTEMAY CHIPMED CHO.  |

| 4: (b) Impound of health series; when the   |
|---|
| health sence which improved due to high out a   |
| poplation growth to inseque and desease. The health series like hospital, dispensary, doctor            |
| lact Coi Coi lice hand discuss the  |
| and other.  |
|   |
| Provision of education, when the high   |
| rate of population growth which cause due to education  |
| forekample is some when the increase our of   |
| population auto preside education in geographical   |
| areas "   |
|   |
| Create employment opportunities! When   |
| the high rate of population growth which create   |
| the high rate of population growth which create employment opportunities in the development of standard |
| of lining. Create employment opportunitie which   |
| cause ther high rate of Papelation goowth.  |
| Improvement of row materials when   |
| the raw material which development is the high rate of  |
| The high rate of  |
| population growth due to insease or decrease in the   |
| Standard of lining, the improvement of raw material   |
| Standard of living. The improvement of raw material which cause the high rate population growth.        |
|   |
|   |

Extract 4.2 is a sample of a poor response.

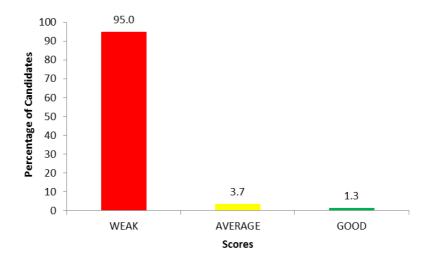
The Extract above shows a response of a candidate who provided incorrect meaning of the terms (i) Population size and (ii) Over population in part (a). In part (b), the candidate failed to justify the statement that "High rate of population growth in Tanzania has contributed to the deterioration of the standard of living".

## 2.1.5 Question 5: Theory of money

The question had parts (a) and (b) whereby in part (a) a table was given, candidates were required to determine (i) the weighted index of prices, (ii) the percentage change of weighted index and (iii) the change in value of money. In part (b), the candidates were required to describe the economic concepts: (i) inconvertible notes, (ii) narrow money supply, (iii) legal tender, (iv) Precautionary demand for money balances and (v) paper managed system.

The question was attempted by (905) 8.0 percent of the candidates, out of which (860) 95.0 percent scored from 0 to 6.5 marks, (33) 3.7

percent scored from 7 to 11.5 marks and (12) 1.3 percent scored from 12 to 17.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was poor as 95.0 percent of the candidates scored from 0 to 6.5 marks. Figure 5 summarizes the candidates' scores in this question.



**Figure 5:** Candidates' Performance in Question 5.

Most of the candidates who attempted this question failed to understand and apply relevant mathematical skills in calculation and interpretation of the theory of money. Consequently, they failed to determine: (i) the weighted index of prices, (ii) the percentage change of weighted index and (iii) the change in value of money. In part (a) most of them employed Laspeyres Price Index, i.e  $L.P.I = \frac{\sum P_n \times Q_0}{\sum P_0 \times Q_0} \times 100\% \quad \text{and} \quad \text{Paasches} \quad \text{Price} \quad \text{Index}, \quad \text{i.e}$ 

$$P.P.I = \frac{\sum P_0 \times Q_0}{\sum P_0 \times Q_n} \times 100\% \text{ which were not required by the question.}$$

In part (b), most of the candidates both misconceived some concepts in the theory of money and misunderstood the demand of the question. For example, one of the candidates described wrongly the economic concepts of (i) Inconvertible notes as: Kind of money by using notes which does not converted to be as a good or raw material for exchange like is very important nature to produce it, (ii) Narrow money supply means supply of money as appeared at a certain period

of time as it limited in nature that does not perform a certain kind of work, (iii) Legal tender is the policy making by the Government in order to make high supply of money from banks, as certain banks, as central banks, government expenditure, (iv) Precautionary demand for money balances means the precautionary ways taken by individuals or at national level in order for use at future generation and (v) Paper managed system as the system of exchange of money where by the central bank have to produce paper money or notes in order to be used for purpose of exchange. Extract 5.1 is a sample of a poor response.

| 05 (verglited index of prices are.  (1) Lespeyre's price index and (1) Prades price index  Solu.  |
|---|
| Laspeyre's pria irdex = \(\frac{\frac{1}{2} \partial p \tau \frac{10\lambda}{\lambda}}{\frac{1}{2} \rangle p \tau \frac{10\lambda}{\lambda}}. |
| [.P.] = (2.8 MG) + (6.00 X120) + (0.8 X 100) + (6 X20)<br>(2.4 X 4) + (5x 2) + (1.00 X 1) + (X 1).  |
| $= \frac{10 + 12 + 0.8 + 18.}{10 + 10 + 1 + 9.} \times 100.$  |
| = 40.8 x100.%;<br>=145-71%  |
| Prades price intex = Epn x qn.  |
| = (3.5x4) + (6.6x3) + (6.8x1)<br>= (3.5x4) + (6.6x3) + (6.8x1)  |
| (1x)+(xx)) + (Exxx) +(1x)+(xx)  |
| = 10 +12 +68 +68 ×100%<br>8 + 10 +1 +9<br>- 40.8 × (00<br>- 146.3%.   |

| (i) the weighted index is 145.71/o.  O the perentage charge is 145.71/o.  (ii) the charge in the value of mores. is  (1/5.71/o.  -45.71/o.  -45 |  |  |
|--|--|--|
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| (n) The charge in the value of hones, is.  [1/5.7] - 10)/s.  = 45.71/s.  Le value of proney will charged by  Cfs. 71/s.  Ch. O Inconvertible notes are the land of proness by using notes which does not converted to be as a good or raw potenials or excharge.  Like is very important to show the nature of to produce it example boank of Tanzania.  (i) Varow proness supply inverse supply of poness as appeared at a certain  period of time as it inited in notice that does not perform a certain kind off.   |  |  |
| (n) The charge in the value of hones, is.  [1/5.7] - 10)/s.  = 45.71/s.  Le value of proney will charged by  Cfs. 71/s.  Ch. O Inconvertible notes are the land of proness by using notes which does not converted to be as a good or raw potenials or excharge.  Like is very important to show the nature of to produce it example boank of Tanzania.  (i) Varow proness supply inverse supply of poness as appeared at a certain  period of time as it inited in notice that does not perform a certain kind off.   | (1) the perantage charge is 141.71 - 720   |  |
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| (i) Varou hover supply inears oupply of honey as appeared at a certain period of time as if limited in refuse that absent perform a certain kind off.  |  |  |
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| the government in order to hake high ov- pply of houses from banks, as certify banks government expenditures, credit creation, high belong of physical and special cartiol deposit.  | (III legal tender is the policy making I   |  |
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| government expenditures, credit creation, high-<br>belong of phyrent and special Control deposit.  | Doly of houses for a complete  |  |
| belong of phyrent and special Control Laparit.   | Condicated to a contract to the contract to th |  |
| percent of prysent and special Control deposit.  | The first expenditures, credit creation, high-   |  |
|  | perione of payment and special Control deposit.  |  |

| hears the precautionary brays token by indivi-<br>dual or af notional live in order for use<br>of firture generations.   |  |
|--|--|
| O Paper hanaged system is the system of exchange of honey where by the outel bank have to make paper money or notes in order to be used for perposefully use offer exchange. |  |

Extract 5:1 is a sample of a poor response.

The Extract shows a candidate who was unable to determine (i) the weighted index prices for the year 1 and 2, (ii) the percentage change in the weighted index over the period and (iii) the change in the value of money on goods over the period in part (a). In part (b), a candidate failed to describe economic terms of (i) Inconvertible notes, (ii) Narrow money supply, (iii) Legal tender, (iv) Precautionary demand for money balances and (v) Paper managed system.

However, some of the candidates who scored average marks provided wrong answer due to inadequate arithmetic skills and application of wrong formula in calculation. These candidates failed to fetch information from the table to determine in part (a) of (i) the weighted index of prices for the year 1 and 2, (ii) the percentage change in the weighted index over the period and (iii) the change in the value of money on goods over the period. In part (b), most of the candidates managed to describe few economic concepts of: (ii) Narrow money supply, (iii) Legal tender and (iv) Precautionary demand for money balances.

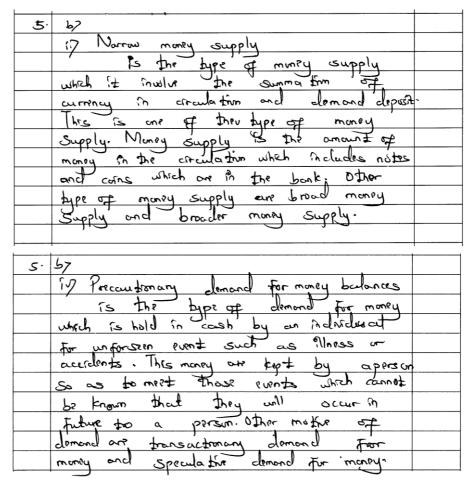
The majority of the candidates avoided the question. Few candidates who attempted it, answered few parts of the question. In part (a), the candidates who performed well in this question were able to determine: (i) the weighted index of price, (ii) the percentage change of weighted index over the period and (iii), the change in value of money in goods over the period, but missed some scores for not following systematic procedures. In part (b), the candidates were unable to describe economic concepts of: (i) Inconvertible notes and

(v) paper managed system. Extract 5.2 shows a sample of a good response from a candidate.

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|           | over the period is 142%   |          |
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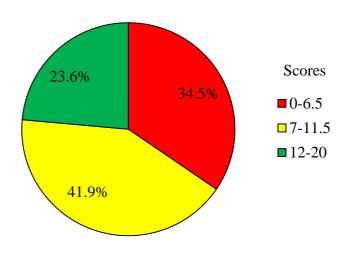
Extract 5.2 is a sample of a well answered question.

In this Extract a candidate who was able to determine: (i) the weighted index of prices for the year 1 and 2, (ii) the percentage change in the weighted index over the period and (iii) the change in the value of money on goods over the period in part (a) the candidate also managed to describe few economic concepts of part (b) (ii) Narrow money supply and (iii) Precautionary demand for money balances.

## 2.1.6 Question 6: Theory of Demand and Supply

The question had parts (a) and (b). In part (a), the table was given, and the candidates were required to use the information to: (i) draw the graph, (ii) to explain what does the graph show, (iii) to explain the economic interpretation of the graph by giving examples and (iv) to calculate the elasticity of demand. In part (b), the candidates were required to provide six reasons to prove for the shape of the normal demand curve.

The question was attempted by (10,011) 88.0 percent of the candidates, out of which (2,361) 23.6 percent scored from 12 to 19.5 marks, (4,194) 41.9 percent scored from 7 to 11.5 marks and (3,456) 34.5 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 65.5 percent scored 7 marks and above. Figure 6 shows the distribution of the candidates' scores.



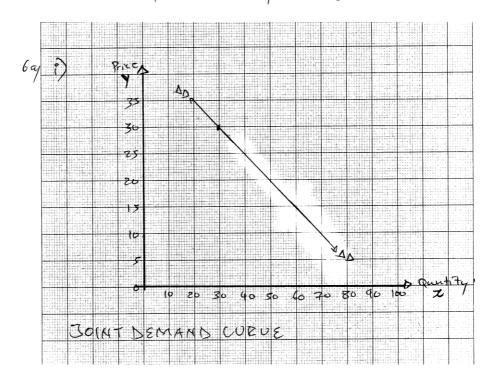
**Figure 6:** Candidates' Performance in Question 6.

The candidates who performed well in this question were familiar with the mathematical skills applied in the theory of the Firm. In part (a) (i), a candidate managed to draw the graph, in (ii) explained what the graph shows, in (iii) the candidate managed to explain economic interpretation of the graph and in (iv) managed to employ relevant formula to calculate price elasticity of demand. In part (b), the candidate was able to interpret and provide reasons for the shape of normal demand curve as: *price effect, the marginal diminishing utility, income effect, presence of substitution and a multiple use of a commodity.* Extract 6.1 is a sample of a good response.

| in The graph shows that as the price of commodify Y therease, the Quantity of commodify X decreases and as the price of commodity X decrease, the Quantity of commodity X increases.  Serconnodity in Commodify Y and Commodity X are tointly demand goods. This means that the goods are needed to gether to sali sey a willity of a cansumer. So when the price of and commodity (Y) increase it means its demand will also decrease together with the dedme of demand of another Commodity (X). If the price of y decrease then the idemand of Y and X  |  |  |
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| in The graph shows that as the prize  of commodity Y therease, the Quantity  of commodity X decreases and as  the price of commodity Y decrease, the  Quantity of commodity X increases.  Sersamadi  iii Commodity Y and Commodity X are  tointly demand goods. This means that  the goods are needed to gether to sati  sty a utility of a causiner. So when the  price of and commodity (Y) increase it  means its demand will also decrease  together with the declare of demand of  another Commodity (X). If the price of y  dechease then the idemand of Y and X   | bay in lu the graph.                           |  |
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| the price of commodity I decrease, the Quantity of commodity X increases.  Socialized:  Socializ | in The graph shows that as the price           |  |
| the price of commodity I decrease, the Quantity of commodity X increases.  Socialized:  Socializ | of commodify Y therease, the Quantity          |  |
| The price of commodity I decrease, the Quantity of commodity X increases.  Soroamodi  iii, Commodity I and Commodity X are tointly demand goods. This means that the goods are needed to gether to sati sty a utility of a causer. So when the price of ane commodity (Y) increase it means its demand will also decrease together with the decline of demand of another Commodity (X). If the price of y decrease then the demand of Y and X  | of commodity & decreases and as                |  |
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| by The elastrity of demand in this case will be Cross elastricity of demand (CED)  |
| Will be stay and the stay of t |
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| Change in Price of Y Qu  |
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| Quantity too (Qx2) =50   |
| Price one (Pa) = 15  |
| Price two (Pyz) = 20.  |
|  |
| CED = Qsez - Qsez X Py   |
| Pyz - Py, Qx,  |
|  |
| = 50 - 60 x <b>15</b>  |
| 20 - 15 60   |
| = -10 × 15   |
| 5 60   |
| = -Z X 0.25  |
| (2) 2-0-5  |
| CES =-0.5<br>Cross elastraty of demand 13 -0.5   |
|  |
|  |
| 64 A normal demand curve slopes from   |
| 1 lest to the decoration of the state of the |
| left to right doconcoards.   |
|  |
|  |
|  |
|  |
| D Quantify   |

| 0.1  | Constance and leaves to some the            |
|------|---|
| 6 5/ | The gollowing are the reasons to prove the  |
|      | shape.                                      |
|      |   |
|      | Price Expect makes the demand               |
|      | curve slope downwards Fran left to          |
|      | right. Withen the price increases the       |
|      | consumers tend to demand less of the        |
| ,    | product. When the prizes decrease it        |
|      | motivales cansumers to de mand mar e of     |
| -    |   |
|      | the product This therefore loads to the     |
|      | shape of the demand Curve.                  |
|      | The Marginal diministring utility.          |
|      | When a person consumes more and             |
|      | were of a community, the marginal           |
|      | whitify of it tend to diminish. So the      |
|      | Caremer will only buy more when the         |
|      | prices are low and less when prices are     |
|      | high, thoregers causing the shape of demand |
|      | cane.                                       |
|      | Due to the Income Expect. When              |
|      |   |
|      | prices increases the cost of living becames |
|      | high causing the income not to be enough    |
|      | to buy the same products. So the demand     |
|      | decreases due to limited lucame. The denand |
|      | becomes high when the prices becomes low    |
|      | and somakes the lume be enough to buy       |
|      | mare  |
|      | Presences of Substitution. When the         |
|      | Prices mareases I domand pall due to        |
|      | presences of Substitution' People shipto    |
|      | other products. If the dea prices Fail      |
|      |   |
|      | the demand will moreuse due to attraction   |

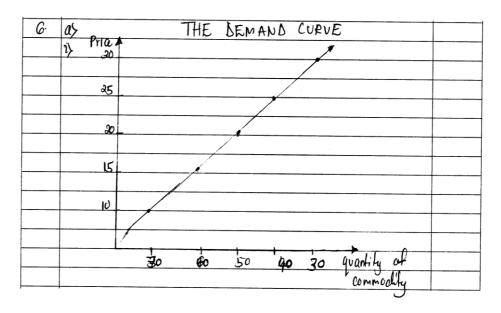


Extract 6:1 is a sample of a good response.

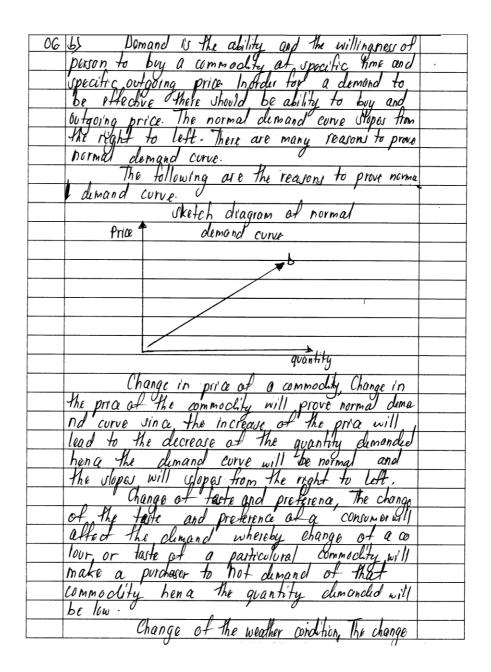
In this Extract a candidate who was able in part (a) to: (i) draw the graph to represent the information given in the table (ii) to briefly explain what does the graph drawn in show, (iii) to explain the economic interpretation of the graph by giving examples and (iv) to calculate the elasticity of demand. In part (b), a candidate managed to provide reasons to prove for the shape of the normal demand curve.

However, few candidates with average marks provided incorrect response, due to inadequate arithmetic skills and application of wrong formula. In part (a), they only managed to fetch information from the table and draw the graph in (i), but in (ii) they failed to explain the meaning of the graph drawn and also were unable to give economic interpretation of the graph by giving examples. In (iii), most of the candidates failed to calculate the elasticity of demand. In part (b), most of the candidates managed to provide few, insufficient and less supported points as required by the question.

On the other hand, the candidates with poor performance, failed to explore information from the table to meet the requirements of the question which shows poor mastering of the subject matter in that particular topic. In part (a) for example, one of the candidates failed to (i) draw the graph to represent the information given in the table, (ii) interpret and briefly explain the graph drawn in (a) (i), (iii) explain the economic interpretation of the graph by giving examples and (iv) to calculate the elasticity of demand when price increases from 15 to 20 Tanzanian shillings. In part (b), instead of providing reasons for the shape of the normal demand curve, the candidates provided reasons for the shape of the abnormal demand curve. Extract 6.2 is a sample of a poor response.



| 6 1 1 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  |
|--|
| CURVE Since the increase of grace of commoditions leads to the decrease of quantity bought   |
| CURVE SINCE the increase of price of commoduti   |
| a leads to the decrease of quantity bought.  |
|  |
| mis The oconomic interpretation of the graph implies   |
| the law of chimand which states that " Teteris puribul   |
| the increase of price leads to the dicrease of the   |
| quantity dimanded" Tox example when the price of   |
| The commodity was sold 1000 Tish the increase of   |
| The price from 1000 Tish to 200 Tish will affect the   |
| The economic interpretation of the graph implies  the law of chimand which states that "ceteris puribul  the increase of price leads to the dicrease of the  quantity chimanded" For example when the price of  the commodity was sold 1000 Teh the increase of  the price from 1000 Teh to 200 Teh will affect the  level of chimand.   |
|  |
| avy Solution   |
| Sata: Po = 15<br>Pn = 20   |
| $P_n = 20$   |
| Q0 = 60  |
| $Q_0 = 00$ $Q_n = 50$  |
| Formula  |
| Formula  Elastraty of = Devantity x Po  dimand Derice Ro   |
| dimand & price Qo  |
|  |
| = 20-15 × 15   |
| 60-50 60   |
| a ye   |
| $=$ $\mathscr{E}_{X}$ $\times$ 15  |
|  |
| 10 60 12<br>= 15   |
| 1.24   |
| = 0.125<br>The price elasticity of demand = 0.125  |
| The price elasticity of demand = 0.125   |
| private privat |



| 6 b) of the weather will affect the demand of a parti   |
|---|
| colar commodity whereby for example during the  |
| taing seasons the demand for cold drinks will   |
| be low hence will not be demanded much hence  |
| will cause the demand curve shape to be norm  |
| al  |
| Law of diminishing utility, This also will prove  |
| for the chape of the normal dimand curve since  |
| a person will use a certain commodify for a long  |
| time but it, will reach to a point when the duna  |
| time but it, will reach to a point when the duna had of that commodity will be low hence will   |
| lead to the shape of the normal demand curve Change of price of substitute, This also   |
| Change of price of substitute, This also  |
| I IN The region for the chape of the normal duma  |
| nd curve because when the price of the cubatitus  |
| Of a commocking change for example soda from a coca-colo company will be low will lead to the   |
| Coca-colo company will be low will lead to the  |
| decrease of the dimand of soda from pepsi   |
| Company hence The dimand curve whape will be  |
| hormal H  |
| Conclusively, There other causes that will make   |
| The dimand curve to appeal differently such as  |
| Tukury goods, the rangrang at the consumers   |
| The dimand curve to appeal differently such as  luxury goods, the ignorance at the consumers  and expectation of the shortage of a partie |
| Vlar product  |

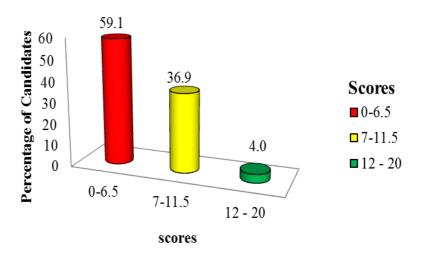
Extract 6.2 is a response of a candidate who failed to: (i) draw the graph to represent the information given in the table, (ii) briefly explain what does the graph drawn in (i) show, (iii) explain the economic interpretation of the graph by giving examples and (iv) to calculate the elasticity of demand in part (a). The candidate failed to provide reasons to prove for the shape of the normal demand curve in part (b).

### 2.1.7 Question 7:Market

The question had parts (a) and (b). In part (a), the candidates were required to explain four criteria used to classify the market structure in an economy. In part (b), the candidates were required to explain why the monopoly is not economically efficient with the clear labelled diagram.

The question was attempted by (3,193) 28.1 percent of the candidates, out of which (128) 4.0 percent scored from 12 to 18 marks, (1,178)

36.9 percent scored from 7 to 11.5 marks and (1,887) 59.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was average (40.9%). Figure 7 shows the distribution of the candidates' scores.



**Figure 7:** Candidates' Performance in Question 7.

Very few candidates performed well in part (a) of the question. For example, one of the candidates was able to explain criteria used to classify market structures in an economy as *degree of competition*, *number of buyers and sellers*, *entry and exit limitations and price determination*. However, in part (b) the candidate explained partially why the monopoly is not economically efficient. Another candidate provided a diagram which is not clearly labelled. Extract 7.1 is a sample of a good response in part (a).

| + @ The collection are confermed 1000  |        |
|--|--------|
| to classify the worker structures in   |        |
|  |        |
| an elonoary:   |        |
| Degree of competition. When the  |        |
| is higher competition in the wearhest it   |        |
| or regarded as a perfect Competition   |        |
| market structure and when the legree   |        |
| of competition is low it is imperfect  |        |
| market structure.  |        |
| Number of buyers and Sellers.  |        |
| When there is a very large number of   |        |
| When Hove to a very large number of buyers and letters in the market it  |        |
| 15 regarded as a perfect competition   |        |
| market showfure and when there is a  |        |
| Small number of buyer and collect it   |        |
| is imperfect Competition worker.   |        |
| Entry and ext limitation IF  |        |
| there is free entry and exit in the  |        |
| market hence it is perfect market the  |        |
| There and when there are barrien.  |        |
| in endry and exit it is imperfect  |        |
| competition market structure.  |        |
| Porce making. When the firms   |        |
| in the market are price taken that   |        |
| means if is a perfect competition marks  |        |
| + structure where a prov I a   |        |
| potte maker in the market it means   |        |
| the market structure is imperfect coupe  |        |
| totan market structure.  |        |
| THE THE PART OF TH | $\neg$ |

Extract 7.1 is a sample of a well answered question.

The Extract shows a candidate who managed to give criteria used to classify the market structures in an economy in part (a).

The candidates who scored average marks misunderstood the demand of the question in part (a), hence managed to explain less than four criteria used to classify the market structures in an economy. In part (b), the candidates failed to provide correct well labelled diagrams that explain why the monopoly is not economically efficient. This indicates that the candidates were less equipped with the particular topic.

On the other hand, the candidates who performed poorly were unable to explain the four criteria used to classify the market structures in an economy. They also failed to use a well labelled diagram to explain why a monopoly is not economically efficient. For example in part (a), one of the candidates instead of explaining the criteria used to classify the market structure in an economy, he or she named the four as Perfect competitive market, market structures *Imperfect* competitive market, Monopolistic market and Monopoly market. Similarly, in part (b) some of the candidates failed to explain why monopoly is not economically efficient by using a diagram. They instead explained it as lack of information, production of single commodity, lack of consumer choice and government support. This shows the candidates had poor knowledge on that particular topic. Extract 7.2 shows a sample of a poor response from a candidate.

| 7 cy. Monopoly market, is a       |
|-----------------------------------|
| type of merket structure who      |
| re by there is only producer      |
| and buyers. In which he it sells  |
| and proffuces the product to all  |
| other burgers in the firm. On     |
| example is TANESCO which          |
| supplies electricity all over 7an |
| Tanzania which tas it branch      |
| es in different areas.            |

| 1. as. Warket is an area where  |
|---|
| 7. as. Market is an area where buyers and sellers meet to exchange  |
| commalities. Market structures are  |
| the classifications of  |
| and the contract and  |
| the classifications of markets according to their behaviour and   |
| LICIONACTERISTICS. THE LIBITIONS THAT I   |
| the market structures in the eco-   |
| h0m/11  |
| Perfect competitive murket  |
| is a type of market structure   |
| Perfect competitive market is a type of market structure whereby there is an existence of many buyers and sellers with a high competition. Where it is normally known to be an ima- ginary market that existe in a                                  |
| oring busers and collect with a   |
| high Compactifically are it is  |
| ingre compension where it is  |
| normally known to be an ima-  |
| grany market that existe in a   |
| firm.   |
| Imperfect competitive mar-  |
| Tirm.  Imperfect competitive mar-  ket, is a type of market stry-  cture where as there are larger  sellers and single few buyers.  As it is classified with Buopoly  Oligoboly, Monopsony, and Duopso  ny within the firm.  Monopolistic commarket |
| cture where as there are larger   |
| sellers and since feen howers.  |
| Do it is classified with Augoria  |
| Olicopoly Description and Durant  |
| Dublish and Duopso  |
| The tirm.   |
| Monopolistic com market,  |
| is a situation whereby there  |
| are many but sellers and with   |
| is a situation whereby there are many but sellers and with a single seller within the firm Who buys the goods from the variety of buyers for consum   |
| Who buys the goods from the   |
| variety of buyer for concum   |
| ption for the customers   |
| THE COLUMNIC  |

| 7. b). Nonopoly is a situation in the market by which the since spreaducer sales the its product to the buyers. Example TONESCO. The following are the reasons to why it is no conomically effeciently.  Lack of information the buyers are not aware of its product due to the lack of advertisement.  Production of a single commodity, this is because it produces only a single product with no varieties for customers to the consume. |
|---|
| in the market by which the  |
| simp & producer cales the its   |
| aroduct to the buyers. Example  |
| TONESCO. The Collabora are the  |
| reacons to whip it renocconomi-   |
| cally effeciently.  |
| Lack of information   |
| the bursers are not aware of  |
| it's product due to the lack of   |
| advertisement   |
| Production of a sinak co-   |
| mmodity, this is because it produ   |
| ces only a single product with  |
| no varieties for customers to   |
| et consume.   |
| Lack of consumers choice,   |
| che consume.  Lack of consumers choice,  clue to its abilition to procluce  only a single procluct. Hence  they have no rights to be  tree which then bis unecono-  |
| only a single product! Hence  |
| they have no rights to be   |
| tree which then bis unecono-  |
| 1 1171(0000)  |
| Government support, the monopoly is mostly supported by the government; whereas it is pro-  |
| monopoly is mostly supported by   |
| the government. Whereas it is pro-  |
| violed with patent rights to pro-   |
| vicled with patent rights to pro-<br>cluce at certain levels.  Conclusively, the monopoly   |
| a rich due to toccoor or control  |
| arises due to recisors or sources   |
| such as the patent rights nature-<br>al resources and trade liberalizar-  |
| tion.   |
| [ [ [ (10) //   |

Extract 7.2 is a sample of a poor response.

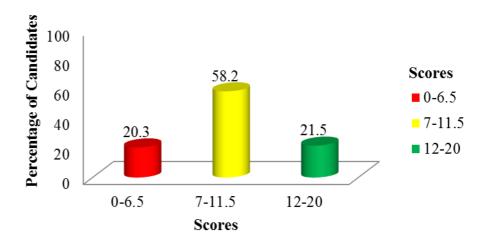
In this Extract a candidate who failed to explain criteria used to classify the market structure in an economy in part (a). A candidate also in part (b) failed to provide a clear well labelled diagram to explain why the monopoly is not economically efficient.

# **2.1.8** Question 8: Employment and Unemployment

The question had parts (a) and (b). In part (a), the candidates were required to analyse three types of unemployment which normally exist even if the economy reaches full employment. In part (b), they were

required to discuss seven major indicators which signify economic crisis.

The question was attempted by(10,441) 91.8 percent of the candidates, out of which (2,246) 21.5 percent scored from 12 to 18 marks,(6,069) 58.2 percent scored from 7 to 11.5 marks and (2,124) 20.3 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 79.7 percent scored 7 marks and above. Figure 8 shows the distribution of the candidates' scores.



**Figure 8:** Candidates' Performance in Question 8.

The candidates who scored high marks were able to meet the demand of the question. In part (a) for example, a candidate managed to analyse three types of unemployment as: Frictional unemployment, Structural unemployment and Casual unemployment. In part (b), the candidate was able to discuss seven major indicators which signify economic crisis as: decline of purchasing power of the people, fall in wages, mass unemployment, decline in production, decline of investment of the country, failure of financial institutions, and decline of prices for agricultural produce, just to mention four of them. This indicates that the candidate had enough knowledge on the topic concerned. A sample of a good response is shown in Extract 8.1.

| 8 a) | Unemployment of labour refers to the situ-                       |
|------|--|
|      | ation in which people are willing and alse to work but           |
|      | earner find jobs. Unengologount occurs in the economy            |
|      | du to a number of factore like runal - unban uniger.             |
|      | ation, climatic changes, technological changes, fall in demand   |
|      | and population pressure. However, unemployment can still         |
|      | occur in an economy even if the economy has neached a            |
|      | full employment land.  |
|      | The following are the types of unempayment                       |
|      | that exist euen if the economy has neached full emplay-          |
|      | mut.   |
|      | Frietional unempoyment. This is the type                         |
|      | of unimprograed which occurs as a result of friction             |
|      | in the labour market which encounted delay or time lag           |
|      | during which a wowler mones from one occupation to               |
|      | another. This happens du to the lack of penfect weblity          |
|      | of toelons of production in both geographical and occupation     |
|      | onal sense.  |
|      | Structural uninglyment. This is a type                           |
|      | of unemprogenent boroughed about by the decline of an            |
|      | industry caused either by fall in demand for the products        |
|      | produced by the industry or technological changes in the         |
|      | firm where it int produces outdated products regardless to       |
|      | improvement in technological lends.                              |
|      | Casual unemployment- It is also neferred                         |
|      | to as enrable unimplayment. It is a type of unimplayment         |
|      | while occurs when workers are laid off in some reonamic          |
|      | activities which take place tremporanily or in a short-titue     |
|      | basis. These activities include agriculture, mining and tourism. |
|      | Generally, he problem a unimpayment can                          |
|      | be solved terrough measures like diversification on the security |
|      | establishment of irrigation and export promotion,                |

| 8 6) | France Scarles on 1 Hz 1   |  |
|------|--|--|
| - "  | Economic evisis referre to the phase of a  |  |
|      | trade eyele in which there is a general decline in   |  |
|      | the whole economy. This is nainly featured by over-  |  |
|      | production of goods and services which eneeds peopled de-  |  |
|      | mand. However, there are some of the factors that indi-  |  |
|      | cate that the economy is experiencing an economic costi-   |  |
| -    | The following are some of the indicators   |  |
|      | of economic enint-   |  |
|      | Deeline in punchasing power of the people.   |  |
|      | When the goods and services produced by firms in   |  |
|      | the country are not efficiently punchased, then it impl  |  |
|      | ies teat the economy is experiencing an economic decline   |  |
|      | Dealine in the purchasing power may be influenced by fact-   |  |
|      | one like the decline in income among the people.   |  |
|      | Decline in innestments in the country. Wha   |  |
|      | the innestors business men withdraw their innestments from   |  |
|      | the country, term it implies that the economy is at a  |  |
|      | depression or enris stage. Withdrawal of investment may  |  |
|      | be due to unfavourable investment environment.   |  |
|      | Fall in wages among the workers, When work   |  |
|      | eve in the country are lawly paid, then it may imply   |  |
|      | that there is a economic string or dipression. The fall  |  |
|      | i'u the lower a wager way be due to lack of sufficient   |  |
|      | demand for the product produced by the industry.   |  |
|      | Failure of financial institutions. Financial   |  |
|      | Failure of financial inefitations. Financial inefficiency time commercial may fail to provide energy |  |
|      | to its earstoner due to the low saving capacity among  |  |
|      | the people. This therefore implies that the economy is facing  |  |
|      | an economic evisit-It may therefore result to the closure  |  |
|      | of banks.  |  |
|      | Deckine in prices for the products produced.   |  |
|      | Prices in an economy may fall due to the foot that   |  |
|      | may four alle 10 the fact 1/40   |  |

| 8 b) most of the goods groduced by the firms and industries |  |
|---|--|
| o) wash of me have brounced and the firms was indicating    |  |
| are not efficiently domanded. Therefore a dochine in        |  |
| prices implies that them to an economic erists.             |  |
| Mass unemployment of people in the economy.                 |  |
| As a negular of four in demand for the goods produced,      |  |
| people may end up being manspoyed . If he had he            |  |
| durand is earread by to decline in income among the         |  |
| people, then the economy is facing economic circle.         |  |
| Decline in production from the economic sect-               |  |
| one. Production from the firms and industries may totally   |  |
| decline du to the fall in domand for the products           |  |
| produced by the firm. This therefore indicates that, then   |  |
| is a economic entil in the economy-                         |  |
| Generally, after economic crisis, the economy               |  |
| can improve through improving innestment environment,       |  |
| prompting expured sectors and provision a employment        |  |
| opportunities to the people,                                |  |

Extract 8.1 is a sample of a good response.

The Extract shows a candidate who was able to analyse three types of unemployment which normally exist even if the economy reaches full employment in part (a). He or she was also able to discuss major indicators which signify economic crisis in part (b).

The candidates who scored moderately in this question were able to explain the required points insufficiently. This is due to their insufficient knowledge on economic growth and development. For example in part (a), some of the candidates analysed types of unemployment with no supported details, while in part (b), some of them discussed less than seven required indicators which signify economic crisis. This led them to score less marks.

On the other hand, the candidates who had poor performance failed to analyse the three types of unemployment which normally exist even if the economy reaches full employment in part (a). For example, one of the candidates provided irrelevant types of unemployment, such as: unemployment to some people who are in education at the full time, unemployment due to the luckily people and unemployment to the home workers which were wrong. In part (b), the candidate provided wrong indicators which signify economic crisis such as: Capital, Industries, Market, Labour, Technology Transport and

*Communication.* Extract 8.2 represents a sample of poor response from one of the candidates.

| 8@ Unemployment: refers to the situati             |          |
|--|----------|
| on where by a people is able and willing to        |          |
| get jobs at a rulling wage rate but is volv        |          |
| Mary underutilized. Full employment is the situati |          |
| on where by the number of people who are           |          |
| able and willing to get jobs are employmed.        |          |
| In the economy even if there is full employment    |          |
| there are unemployment which normally exists.      |          |
| The following are unemployment which               |          |
| mormal exists even if there is full employment:-   |          |
| Unemployment of the home workers                   | _        |
| there are some people who doing the home -         | _        |
| activities, they are employmed but ther world the  | $\dashv$ |
| of his or her which is among of unemployment       | $\dashv$ |
| IT TO A MET WHILM IS AMONG OF UNEMPloyment         |          |

| 80 which known as hidden unemployment and         |  |
|---|--|
| most of them their Payment is low and the         |  |
| Marxinal Productivity of that Labour is zero.     |  |
| Unemployment to some people who                   |  |
| are in education at the full time: - also         |  |
| there some elders or people who are in-           |  |
| education and does not employmed but it have      |  |
| Proffessional to do some of the works the         |  |
| also & is the unemployment.                       |  |
| Unemployment due to the Luckly -                  |  |
| People's also there are some people who are       |  |
| lucially can engage in differents activities can  |  |
| get money and wants to live on their move         |  |
| y while those activities are not respectively     |  |
| with their Proffessional also this is unambyment. |  |
| There fore those are the Memployme                |  |
| nt occurs even if the economy is at full          |  |
| employment, but there to problem of full emplo    |  |
| yment in our country which are quality of         |  |
| Labour will decrease since one will not fair      |  |
| to loose the jobs because number of job vacan     |  |
| ey are very high, also the decline in the quali   |  |
| ty of the Roducts Roduced.                        |  |

| 80 th Economic release to the Green's that doct  |
|--|
| 8, 6 Economic refer to the science that deals with the & human behaviour and the resources   |
| the different of the control of the following  |
| through the scartity. The following are major i'ndi-   |
| Cators which signify Economic Crisis   |
| Capital: At the factor of production which   |
| & is very applicable during to production of good  |
| and services when to produce needs to produce  |
| Capital: As the factor of production which  # is very applicable during the production of goods  and services when the producer needs to produce  the goods and services or as to satisfy his  |
| or ner warys   |
| Industries: Also is the place where the good   |
| oritems are been producted finally to trans  |
| Industries: Also is the place where the good or items are been producted finally to transfer to the Consumers where the Consumption be   |
| available hence to use after be supplied   |
| tom the area of production.  |
| Market: The stace where by the hoods   |
| and service been stored after produced then  |
| Market: The place where by the goods and service been stored after produced then to be demanded from one to another  |
| may be the major indicator in economic crisis  |
| may be the major indicator in economic and unskil  |
| ed labour also man contribute high with  |
| Propride He growth and ferriles from one place   |
| to another when be needed tibe.  |
| Te chnology it is the hear needed applica-   |
| ed labour also may contribute high with  provide the goods and ferrices from one place  To another when he needed the.  Technology: As is the high needed applica- ble in economic activities when he production  distribution and consumption which leads  Ligh contribution in a Country distributed |
| distribution and Confumption Which leads   |
|  |
| presence of any somment Sumoorly   |
| Transport and Communication: As the  |
| Presence of government Support.  Transport and Communication: As the main body of infrastructure for transporting goods and services from one place to another where he needed to the consumption due to the available of consumers and producers.   |
| and and fervices from one place to another   |
| where be needed to the communition due to  |
| He available of Confumers and producers.   |
| Jan San San San San San San San San San S  |

| 8' (b) Government policy: Such as Peace  |
|--|
| and security may emphasis the economic Casi  |
| When the presence of high supporting from the<br>government hence to the consumers through |
| government hence to the consumers through  |
| gh to demand and hupply of ferrices and  |
| GODAS A BIN ACT PRODUCERT.   |
| All in all, the economic may Confide   |
| rtte production, distribution, comoumption and   |
| 50 on which can reflecting in the trade  |
| Cycle from one stage to another such as  |
| boom, recession, recovery and slump through the  |
| monetary Policy or well as to ficial Policy.   |
| / / 3  |

Extract 8.2 is a sample of a poor response.

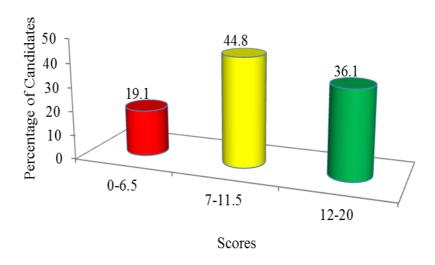
In this Extract a candidate who analysed wrong types of unemployment which normally exist even if the economy reaches full employment in part (a). He or she was also unable to discuss major indicators which signify economic crisis in part (b).

#### 2.2 PAPER 2: 151/2 ECONOMIC DEVELOPMENT

### 2.2.1 Question 1: National Income

This question had parts (a) and (b). In Part (a) (i), the candidates were required to calculate Marginal Propensity to Consume and in (ii) investment multiplier from the given saving function and interpret its results. In part (b), candidates were required to explain the importance of national income statistics in the economy by providing seven points.

The question was attempted by (3,074) 27.0 percent of the candidates, out of which (1,111) 36.1 percent scored from 12 to 19 marks, (1,376) 44.8 percent scored from 7 to 11.5 marks and (587) 19.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 80.9 percent scored 7 marks and above. Figure 9 shows the distribution of the candidates' scores.



**Figure 9:** Candidates' Performance in Question 1.

Most of the candidates performed well in this question which implies that they had acquired sufficient knowledge on the subject matter. In part (a) (i), the candidates were able to calculate marginal propensity to consume, investment multiplier and comment on its results. In part (b), a candidate managed to explain the importance of national income statistics to an economy as it helps in: determination of the level of income, determination of the rate of performance of each sector to the economy, determination of income and resources distribution, planning purposes and determination of the level of welfare of the citizen, etc. Extract 9.1 shows the candidate's good response.

| 1 (a) Givin  |  |
|--|--|
| 5= -10 +0.4 4 4  |  |
| Cit MPC  |  |
| S = -a+(1-b) V · · · (i)                                 |  |
| from the function,                                       |  |
| S = -10 + 0.4 Yd   |  |
| Yd =Y-T  |  |
| S = -10+0.4(Y-T)   |  |
| 5 = -10 + 0.44 -0.41                                     |  |
| S = -10 - 0.47 + 0.4Y                                    |  |
| 5 = - (10 + 0.47) + 0.47 (1)                             |  |
| on comparing (1) and (11)                                |  |
| on comparing (1)   |  |
| 1-b = 0.4  |  |
| b = 1 - 0.4  |  |
| b = 0.6  |  |
| M1C =0.6   |  |
| : Marginal Propensity to Consume is 0.6                  |  |
| Marginal Paperbity to Consume to Co                      |  |
|  |  |
| ii) Investment mulfigher = 1                             |  |
| ·  |  |
| b = 0·6  |  |
| Musi I · Musipher = 1                                    |  |
|  |  |
| = 1  |  |
|  |  |
| = 2.5 times  |  |
|  |  |
| investment multiplier is 7.5 times.                      |  |
| Interpretation; a change in investment by an increase or |  |
| decrease, will lead to a proportional change in income   |  |
| by 2.5 times in ratio.                                   |  |

| 1.( | b) The following are the importance of                       |  |
|-----|--|--|
| -   | national income statistic in the economy.                    |  |
|     | Determination of the lavel of economic growth                |  |
| 1   | rate. By using national income statistics, it is easy to     |  |
|     | determine by how much , the economy of a country has         |  |
|     | Austrated. Phy is determined by the Gross National           |  |
| - 1 | froduct (GNP), whereby as the GNP is high, the elonomy       |  |
| Į.  |  |  |
|     | 11 experiencing a high level of economic growth white        |  |
|     | when the GNP is low, the ewnomy of a country is              |  |
| - 1 | growing at a decreasing rate. Moreover the living            |  |
|     | standards of individuals is determined by the level of       |  |
|     | per capito income. The level of living standard is also      |  |
|     | considered in the estimation of growth of the economy.       |  |
|     | Mrs, is the reason to why the level of economy of            |  |
|     | countries differ.  |  |
| 4   | Determination of the rate of performance of                  |  |
| _   | each sever to the eunomy. The national income statustics     |  |
| _   | help in knowing how much one sector of the economy           |  |
| V   | nos contributed to the national output Basing on this,       |  |
|     | the output of each sector is determined. High output         |  |
|     | feeds to high GNP and low output feeds to low                |  |
|     | GNP. Thus, a country may look at how much the                |  |
|     | agricultural and industrial sector contribute to the         |  |
|     | economy. If a sector product high output, it contribution    |  |
|     | 13 high for example, in many developed countries, industries |  |
|     | have the highest continbution                                |  |
|     | Determination of income and resource                         |  |
|     | distribution. with the national income statistic, the        |  |
| - ! | government is able to know how much resources are            |  |
|     | available to one sector, and how many are available to       |  |
|     | inother sector with this, some sector continuite little to   |  |
| - 1 | GNP due to low income and resources, than others>            |  |

| - [ | b) This becomes noteful to the government in knowing         |
|-----|--|
|     | where to place its provides and funds, so as to develop that |
|     | evor in most developing countries, much pronty goes to       |
| - 1 | he agni authral sector.                                      |
|     | Helpful in planning purposes. National income                |
|     | is helpful to the government in planning different projects  |
|     | for the further development of the evonomy. Different        |
| í   | authorithm with provision of social services, as well as     |
|     | naintaining taw and order, contribute to economic growth-    |
|     | with the funds available, the government is able to          |
|     | inivease the rate of these services as well as impleme-      |
| 1   | nting different projects like improving infrastructure and   |
|     | improving industrialization Social service include health    |
|     | and education provision.                                     |
|     | Determination of level of welfart of the                     |
|     | cultures in a country. The national income statistic one     |
|     | hupful in assessing the level of welfore of individuals.     |
|     | If the Total income is relatively high then the              |
|     | jury of western is also high, and when the National          |
|     | income is low, then welfar is low. Since the major           |
|     | diterminant of National income include amount of             |
|     | natural resources, thus if an high production may be         |
|     | high thus increasing consumer freedom of whoise, and         |
|     | we to high income, welfare to achieved.                      |
|     | Budget planning. The national income is                      |
|     | helpful in determining the estimates of the government       |
|     | revenus as well as the government expenditures of            |
|     | each financial year. Thus, knowing these estimates of        |
|     | the previous financial year, is helpful in planning          |
|     | he budget of the coming financial year. A financial          |
|     | year begin, on the 1st of Tuny, up to the 30th of            |
|     | June Planning a budget is done after determining             |

| b) all the projects, the government aims to do, thus sources   |
|--|
| of affairing that budget are determined as well.               |
| <br>Economic instabilities and problems are                    |
| checked. The national income is helpful in knowing the         |
| ewnorm in Abblilites being fould in an ewnong, and is          |
| <br>able to find, possible measures to correct them. usually,  |
| <br>problems we inflation and unemployment are faced in        |
| <br>on evening, whereby inflation courses the National income  |
| to be higher than normal, due to consideration of              |
| the norminal value and not the real value. Unemploym-          |
| ent causes low GNP. Thus, with knowledge on this               |
| the government and ewnomy at large is able to                  |
| <br>form policies in favour of solving problems. Such policies |
| include monetary and fiscal policies.                          |

Extract 9.1 is a sample of a well answered question.

The Extract shows that a candidate was able to calculate Marginal Propensity to Consume (MPC) in (a) (i) and Investment Multiplier and interpret its significance in the economy in (ii). Also the candidate managed to explain the importance of the national income statistics to an economy in part (b).

Moreover, candidates who had average performance had inadequate arithmetic skills and hence applied a wrong formula in calculation. In part (a) (i) one of the candidates managed to apply and compute the marginal propensity to consume (MPC) but failed to calculate investment multiplier and interpret its results in (ii). In part (b), the candidates were able to explain few points on the importance of national income statistics to an economy. For example, one of the candidates provided only three out of the seven points required. The points were such as: *enable comparison of standard of living, essential for the formulation of economic policies and comparing national income estimates over a period of time*. Other candidates failed to give detailed explanation to each point. For example, one of the candidates wrote that; *it help determinants of the level of taxes and improve in infrastructure* which were wrong.

Furthermore, very few candidates who scored poorly were unable to apply proper formula in part (a) to calculate marginal propensity to consume in (i) and investment multiplier and its significance in the economy in (ii). This shows that the candidates lacked mathematical skills and knowledge on a particular topic. In part (b), the candidates failed to explain the importance of national income statistics to an economy as they stated that: it is account for the economy, promote economic development, improve the provision of social services, promote the development of infrastructure, improvement of government revenue and development of economic research which were wrong A sample of a poor response is shown in Extract 9.2.

| 1 g 51m   |
|---|
| (i) ·   |
| Margind property to consume = DC                                  |
| Margind propinsh to Consume = DC  Where = Consumption, 7= income. |
| l h. L. G. C C T  |
| Then MIPC = 20-10+0.47 = 14<br>270+0.27 2 + 0.5                   |
|   |
| - 0.5+1 = 1.5   |
| - Marginel proposity to consume is 8.81.5                         |
|   |
| in Investment mulhplur = 1<br>MPC                                 |
| MPC   |
|   |
| = 1   |
| Ø.5 = 0.66  |
| 1. The investment multipler is 0.66%                              |
| ()· <b>7</b>  |
|   |

| 1 | <b>b</b> )   |
|---|--|
|   | National income, this riper to the more  |
|   | monetry value of goods and services prody  |
|   | ceel in a country of a particular time   |
|   | It has dippennt method such as inome   |
|   | method, expinelity and product method The  |
|   | National income hew different diterminent  |
|   | Such as level of invartment, level exedución   |
|   | lurl of technology, availability of reported, availy   |
|   | bility of natural resours Thener the postering   |
| - | below tin the importance of the national   |
|   | Ecome Hahehes to en economy such as pollos   |
|   | It is account of economy the national income actual as the cilcumst of the economy   |
|   | Theome actual as the allount of the economy  |
|   | in which all expenditur cieturius - Me   |
|   | economie achulis it dipinel to the province  |
|   | of the national income   |
|   | to the more are some development du  |
|   | to the presence of national income 11 has been develop dygennt economic siehr  |
|   | Juch as commentione such a road rectivitient   |
|   | Such as agranthre scent and inclustral   |
|   |  |
|   | du to the map livel or the national income   |
|   | Imprise the provision of social services  Club the high livel of the national income  It mode to the imprisement of the social |
|   | Services such as colucation, health, water   |
|   | and electristy supply  |
|   | Promote the clevilopmint of ingrashiching  |
|   | cinel the other economic sector in the early   |
|   | this is when the gramment started to construct   |
|   | The different inproductive facilities such as  |
|   | roads railways, telephone lines eined the other.   |

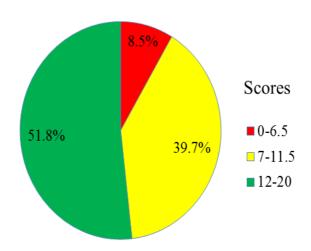
Extract 9.2 is a sample of a poor response.

In this Extract a candidate who provided wrong calculations in part (a) for: (i) Marginal propensity to consume (MPC) and (ii) Investment multiplier and interpret its significance in the economy. In part (b), a candidate failed to explain the importance of the national income statistics to an economy.

### 2.2.2 Question 2: Public Finance

The question had parts (a) and (b). In part (a), the candidates were required to describe five objectives of public expenditures. In part (b), they were required to explain briefly five canons of a good taxation system in the economy.

The question was attempted by (10,725) 94.3 percent of the candidates, out of which (5,556) 51.8 percent scored from 12 to 20 marks, (4,258) 39.7 percent scored from 7 to 11.5 marks and (911) 8.5 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of the candidates in this question was good as 91.5 percent scored 7 marks and above. Figure 10 shows the distribution of the candidates' scores.



**Figure 10:** Candidates' Performance in Question 2.

The candidates who performed well in this question understood the requirements of the question. For example, in part (a) one of the candidates described five objectives of public expenditures required by the question, such as: provision of goods and services, regulating economic activities, allocation of resources, economic stabilization and correcting Balance of Payments. In part (b), the candidate was able to explain five canons of a good taxation system in the economy as: Equity, Economy, Certainty, Productivity and Flexibility. This indicates that the candidate had enough knowledge on the subject

matter in that particular topic. Extract 10.1 shows a sample of a good response.

| 2 | (a) The following are the objectives of                  |
|---|--|
|   | government expenditure.                                  |
|   | Provision of goods and services. The main                |
|   | objective of the government expenditure is prouding such |
|   | goods and services to its people, for the betterment of  |
|   | their welfore. Thus, government allocates resources in   |
|   | provision of public goods like security and in the       |
|   | provision of services whee health and education such     |
|   | goods and services connot be provided by the private     |
| _ | sector to a large extent, since they aim at profit       |
|   | maximilation rather than utility ratification. Mithough, |
|   | some private sectors have established a number of        |
|   | schools, thus improving knowledge of the mass. The       |
|   | goods and services provided by the public, are tree      |
|   | thus, satisfying many.                                   |

| teperatiture mounty arms at regulating joint autivition of the technomy so as to central their power justicity many after the welfart of the people for instance in many developing countries, anti-monopoly polares are implemented so as to united the excitance and formation of monopolies.  Thus, the government provides subsidies to weak firms to as to be able to compete with the monopolies, and in the end, regulate their power. In Tontonia served ont monopoly polares and anti-merger politics have been formed and monopolies are nationalized.  Miscation of resources. The expensiture of the government involves allocating of resources in the most productive activities so as to promote development. Thus the government performs expenditure on different projects and plans which have a positive impact on the economy. Served projects well introstructure and industry development are vital to the growth of the economy, since these two internet each other actor. Miss, resource are alreaded in terms of providing subsidies to the proviledged when the low income corners.  Feonomic stability attention. The government expenditure arm out stability attention. The government of the provision in the economy. Thus if in the government may perform expenditure on provision of definit payment to form the thore there corners.  Thus definite payment to form the thore of provision of definit payment to form the two intensitions on provision of definit payment to form the substance in tax and reduction in government problem. Also, in reast in tax and reduction in government problem. Also, in reast in tax and reduction in government expenditure reducts in flation in the | _ | (g) Regulating economic autorities. The government                        |
|---|---|---|
| the economy is as to control their power, which may offect the welfard of the people for instance in many developing countries, anti-monopoly polecus are implemented is so in control the existence and formation of monopolities.  Thus, the government provides subsidies to weak firms and in the end regulate their power. In Tantonia served with manopolities and in the end regulate their power. In Tantonia served outh manopoly politics and anti-merger politics.  Thus the government involves and anti-merger politics the most productive activities, so is to promote development. The expenditure of the government involves allocating of resources in the most productive activities, so is to promote development. Thus the government performs expenditure on different projects and plans which have a positive impact on the economy. Sourced projects whe introstructure and industry development are vital to the growth of the economy, since these two inhumes each other alot. Also, thought we also altered in terms of providing subsidies to the proviledged when the low income corners.  Economic stability attent. The government expenditure aims out stability attent. The government that payment to firm expenditure as provision of default payment to firm expenditure as provision of default payment to firm that have been ensuraged to use labour intensive suftern 100 as to account the expenditure and reduction of government expenditure in that have been ensuraged.  |   |   |
| after the welfard of the people for instance in many developing countries, anti-managedy palaces are implemented.  Jo as to control the existence and formation of managedies.  Thus, the government provides subsidies to weak firms  10 as to be able to compete with the managedies, and in the end regulate their power. In Pantonia  serval anti-managedy policies and anti-merger policies  have been formed and managedless are nationalisted.  Miscation of resources. The expenditure  of the government involves allocating of resources in  the most productive activities so as to promote development.  Thus the government performs expenditure on different  projects and plans which have a positive impact on the economy. Serval projects We infrastructure and industry development are vital to the arouth of the economy. Since these two inhumes each other alot. Also, recommy, since these two inhumes each other alot. Also, the proviledged when the low income corners.  Economic stability atom. The government  expenditure aims at stabilizing the examony. Thus if in firm of controlling in thation and unemployment. Thus, the government may perform expenditure on provision of default payment to firms that have been encouraged to use labour intensive suften 10 as to arrect  Unemployment problem. Also, herease in tax and reduction in government expenditure reducts in flaton in the   |   | expenditual mainly aims at regulating joins                               |
| developing countries, anti-monopoly policies are implemented  jo as to control the existence and formation of monopolicies.  Thus, the government provides subsidies to weak firms  lo as to be able to compete with the monopolicies, and in the end regulate their power. In Tantonia  served onth monopoly policies and anti-merger policies  have been formed and monopolics are nationalized.  Miscation of resources. The expenditure  of the government involves allocating of resource in  the most productive activities so as to promote development.  Thus the government performs expiniture on different  projects and plans which have a positive impact on  the economy several projects whe intrastructure and industry development are vital to the growth of the  resonance similarly in terms of providing subsidies  to the proviledged when the low income corners:  Economic stabilitation. The government  tespenditure aims at stabilitating the economy. Thus is in  firm of controlling in flution and unimplayment. Thus,  the government may perform texpenditure on provision  of definit payment to firms that have been encourage  d to use labour intensive system , so as to agreed  unimployment problem. Asso, increase in tax and reduction  in government expenditure products in flation the  |   | the ewnomy to as to control their power whim may                          |
| Thus, the government provides subsidies to went firms  Thus, the government provides subsidies to went firms  10 ns to be able to compete with the monopolies,  and in the end regulate their power. In Tantonia  serval and monopoly policie and anti-merger policies  have been formed and monopollies are nationalized:  Miscation of resources. The expenditure  of the government involves allocating of resource in  the most productive activities, so as to promote development.  Thus the government performs expenditure on different  project and plans which have a positive impact on  the economy several projects whe intrastructure and  industry development are vital to the growth of the  reasons, since these two intrastructure and  industry development are vital to the growth of the  reasons, since these two intrastructure also Miso,  resource advocated in terms of providing substitutes  to the proviledged when the low income corners:  Economic stabilitation. The government  treenditure aims at stabilitating the economy. Thus is in  firm of controlling in flution and unemployment. Thus,  the government may perform translatives on provision  of defait payment to firm that have been encourage  d to use labour intensive system, so as to agreed  unimployment problem. Asso, increase in tax and reduction  in government (xeconditure products in flation in the   |   | affect the welfart of the people for instance in many                     |
| Thus, the government provides rebides to weak firms  10 as to be able to compete with the monopolier,  and in the end regulate their power. In Pantonia  serval orth monopoly polius and anti-merger policis  have been formed and monopolies are nationalized.  Miscation of resources. The expensionere  of the government involves altacating of resource in  the most productive activities, so as to promote development.  Thus the government performs expenditure on different  projects and plans which have a positive impact on  the economy serval projects we intrastructure and  industry development are vital to the growth of the  economy, since these two inherence each other atot. Miss,  resources absoluted in terms of providing subsidies  to the proviledged when the low income corners.  Economic stability aton. The government  treenediture aims out stabilitying the economy. Thus if in  firm of controlling in flation and unemployment. Thus,  the government may perform expenditure on provision  of default payments to firms that have been encourage  de use labour intensive system, so as to correct  unemployment problem. Asso, increase in tax and reduction  in government expendature products in flation in the  |   | developing countries, anti-monopoly policies are implemented              |
| Thus, the government provides rebides to weak firms  10 as to be able to compete with the monopolier,  and in the end regulate their power. In Pantonia  serval orth monopoly polius and anti-merger policis  have been formed and monopolies are nationalized.  Miscation of resources. The expensionere  of the government involves allocating of resource in  the most productive activities, so as to promote development.  Thus the government performs expenditure on different  projects and plans which have a positive impact on  the economy serval projects we introductive and  industry development are vital to the growth of the  economy, since these two inherence each other alot. Miss,  resource absoluted in terms of providing subsidies  to the proviledged when the low income corners.  Economic stability aton. The government  treened there aims out stabilitying the economy. Thus if in  firm of controlling in flation and unemployment. Thus,  the government may perform expenditure on provision  of default payments to firms that have been encourage  de use labour intensive sustem, so as to correct  unemployment problems. Also, increase in tax and reduction  in government expendature products in flaton in the  |   | so or to control the existence and formation of monopolies.               |
| and in the end, regulate their power. In Pantonia  serval onthe monopoly poliuse and anti-nerger politics  have been, formed and monopolitis are nationalized.  Miscation of resources. The expenditure  of the government involves allocating of resources in  the most productive activities, so as to promote development.  Thus the government performs expenditure on different  projects and plans which have a positive impact on  the economy served projects were infrastructure and  industry development are vital to the growth of the  evanomy since three two infrares each other alot. Asso,  resource absoluted in terms of providing subsidies  to the proviledged with the low income corners.  Economic stability atom. The government  expenditure aims at stabilitying the examony Thus is in  firm of controlling in flation and unimplayment. Thus,  the government may perform expenditure an provision  of defait payment to firms that have been encourage  de use labour intensive system so as to correct  unemployment problem. Asso, increase in tax and reduction  in government expenditure reducts in flaton in the  |   | Thus, the government provides subsidies to went firms                     |
| and in the end, regulate their power. In Pantonia  serval antimonopoly policies and anti-nerger policies  have been, formed and monopolitis are nationalized.  Milocation of resources. The expenditure  of the government involves allocating of resource in  the most productive activities, so as to promote development.  Thus the government performs expenditure on different  projects and plans which have a positive impact on  the economy serval projects whe infrastructure and  industry development are vital to the growth of the  economy, since these two infrance each other acts. Asso,  resource are alsocated in terms of providing subsidies  to the proviledged when the low income corners.  Economic stability attain. The government  tripenditure aims at stabilitying the economy. This is in  firm of controlling infanton and unemployment. Thus,  the government may perform expenditure on provision  of defail payment to firms that have been encouraged  d to use labour intensive system, so as to correct  unemployment problem. Asso, increase in tax and reduction  in government (xiginalities products in flation in the   |   | to as to be able to compete with the monopolies,                          |
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| Moration of resources: The expenditure  of the government involves allocating of resources:  the most productive activities so as to promote development.  Thuse the government performs expenditure on different projects and plans which have a positive impact on the economy. Several projects was intrastructure and industry development are vital to the growth of the economy, since these two intrastructure and industry development are vital to the growth of the economy, since these two intrance each other alot this, resonance are allocated in terms of providing subsidies to the proviledged when the low income corners:  Economic stability atom. The government expenditure aims out stability atom. The government transition and unemployment. Thus, the government may perform expenditure on provision of definit payment to firms that have been encouraged to use labour intensive system so as to correct unemployment problem. Also, increase in tax and reduction in government expenditure products in flation in the  |   | reaval anti-managely policies and anti-merger policies                    |
| Miscation of resources. The expenditure of the government involves altocating of resources in the most productive activities so as to promote development.  Thus the government performs expenditure on different projects and plans which have a positive impact on the economy several projects who intrastructure and industry development are vital to the growth of the economy, since these two intrance each other alot. Also, resource are altocated in terms of providing substitutes to the providing substitutes to the providing development.  Economic stability atom. The government expenditure aims at stabilitying the economy. Thus is in form of controlling inflation and unimplayment. Thus, the government may perform expenditure on provision of definit payment to firms that have been encouraged to use labour intensive system, so as to correct unimplayment problem. Also, increase in tax and reduction in government expenditure reducts inflation in the   |   | have been formed and many puller are nationalised                         |
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| the most productive activities so as to promote development.  Thus the government performs expenditure on different projects and plans which have a positive impact on the economy: several projects whe intrastructure and industry development are vital to the growth of the economy, since these two inhuence each other alot. Asso, resource are absoluted in terms of providing subsidies to the proviledged when the low income corners.  Economic stability attended the economy. This is in firm of controlling inflation and unemployment. Thus, the government may perform expenditure on provision of definit payment to firm that have been encouraged to use labour intensive system, so as to correct unemployment problem. Also, increase in tax and reduction in government expenditure products in flation in the   |   |   |
| Thus the government performs expenditure on different projects and plans which have a positive impact on the economy several projects whe intrastructure and industry development are vital to the growth of the running, since these two influence each other alot. Also, resource are alsocated in terms of providing subsidies to the proviledged when the low income carners.  Economic stability attended the economy. Thus is in form of controlling inflution and unemployment. Thus, the government may perform expenditure on provision of definit payment to firms that have been encouraged to use labour intensive system so as to correct unemployment problems. Also, increase in tax and reduction in government expenditure products in flation in the  |   | of the government moves   |
| the economy several projects when infrastructure and industry development are vital to the growth of the economy, since these two infrance each other alot. Asso, resource are alsolated in terms of providing subsidies to the proviledged when the low income carners.  Economic stabilization. The government expenditure aims at stabilization and unemployment. Thus, the government may perform expenditure on provision of definit payment to firms that have been encouraged to use labour intensive system, so as to correct unemployment problem. Also, increase in tax and reduction in government expenditure products in flation in the  |   | the most productive activities, so as in the most productive an different |
| the economy several projects whe intrastructure and industry development are vital to the growth of the economy, since these two influence each other alot. Asso, resource are alsocated in terms of providing subsidies to the proviledged what the low income carners:  Economic stability atton. The government expenditure aims at stability atton. The government from of controlling inflution and unemployment. Thus, the government may perform expenditure on provision of definit payment to firms that have been encouraged to use labour intensive system, so as to correct unemployment problem. Also, increase in tax and reduction in government expenditure reduces in flation in the   |   | Thus the government performs experiment on particles                      |
| economy since these two interests each other alot. Also, resource are alsocated in terms of providing subsidies  to the proviledged what the low income carners.  Economic stability attent The government  expenditure aims at stabilitying the economy. This if in  form of controlling in flatton and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expenditure reduces in flation in the  |   | projects and plans which have a positive impact on                        |
| pronomy, since these two influence each other alot Miso, resource are alsocated in terms of providing subsidies  to the proviledged what the low income carners.  Economic stability attorn. The government  expenditure aims at stabilitying the economy. This is in  firm of controlling inflution and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expenditure reduces in flation in the  |   | the economy several projects was intrastructure and                       |
| to the proviledged will the low income earners.  Economic stabilization. The government  expenditure aims at stabilizing the economy. This is in  form of controlling inflation and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expenditure reduces in flation in the   |   | industry development are vital to the growth of the                       |
| to the priviledged who the low income corners.  Economic stability atton. The government  expenditure aims at stabilitying the economy. This is in  form of controlling in flatton and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expendature products in flation in the   |   | ewnomy, since these two influence each other mot 11150,                   |
| Economic stabilization. The government  expenditure aims at stabilizing the economy. This is in  form of controlling inflation and unemployment. Thus,  the government may perform expenditures on provision  of definit payments to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expenditure products in flation in the  |   | resource are abouted in terms of providing substitutes                    |
| Economic stabilization. The government  expenditure aims at stabilizing the economy. This is in  form of controlling inflation and unemployment. Thus,  the government may perform expenditures on provision  of definit payments to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expenditure products in flation in the  |   | to the priviledged when the low income carners.                           |
| form of controlling in flation and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expendature produces in flation in the   |   | Economic stability atton. The government                                  |
| form of controlling in flation and unemployment. Thus,  the government may perform expenditures on provision  of definit payment to firms that have been encouraged  d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction  in government expendature produces in flation in the   |   | expenditure aims out stabilizing the expromy. This is in                  |
| the government may perform expenditure on provision  of definit payments to firms that have been encouraged  d to use labour intensive system, so as to correct  unemployment problem. Also, increase in tax and reduction  in government expendature products in flation in the  |   | form of controlling in flation and unemployment. Thus,                    |
| d to use labour intensive system , so as to correct  unemployment problem. Also, increase in tax and reduction in government expenditure products in flation in the   |   | the government may perform expenditure on provision                       |
| unemployment problem. Also, increase in tax and reduction in government expenditure products in flation in the  |   | at definit as ment to firm, that have been enourage                       |
| in government expendative reduces in flation in the   |   | d b we labour intensive system , so as to correct                         |
| in government expenditive products inflation in the   |   | mobilem. Also surrease in tax and reduction                               |
| in government expensioned products  |   | unemployment provider made in Platin in the                               |
| at a him a wall as streatfores the  |   | in government experience promote it is the                                |
| country. With this objective, as well as strategies the   |   |   |

| 2        | (a) Correcting Balance of Payment Dehict. The               |
|----------|---|
| 4        | government expenditures aim at correcting the defiut        |
| - 1      | balance of payment, where recepts are lower than payments   |
| - 1      | to abound. The government, those performs different         |
| 1        | activities will reducing government expenditure on imports, |
| - 1      | and altocating funds to industries so as to promote         |
| - 1      | production of goods, so that export exceeds import. with    |
| 1        | this the definit will be reduced. Asso, funds on the        |
| - 1      | establishment on import substitution industries and tenific |
|          | cre all done under the objective of government expendit-    |
|          | uk.   |
| 1        |   |
| <u>(</u> | b) And following are the common of good                     |
|          | taxation without in the economy.                            |
| 1        | Equity. This means that tax should                          |
| 1        | be equally collected from tarpayers, in basis of their      |
|          | level of income. This is known as progressive tax           |
| - 1      | system, whenby one pays as one earns. With Aspect           |
|          | to this, there are two forms of aquitable tax               |
| - 1      | allection. This includes honzontal equity, where people     |
| Ļ        | of the same income are toxed with the some amount,          |
| 1        | and virtial equity, where tarpayen of airprent              |
| 1        | income are taxed differently. However, this progressive     |
| 1        | form of tox is a source of discovragement to high           |
| 1        | Income earner, since most of their income is highly         |
| 1        | taxed.  |
| +        | Economy This states that the tax                            |
| Ļ        | collection expenditure, should not exceed the amount        |
|          | of revenue collected. It meens that the expenses that       |
|          | in incurred by a fax collector should not be higher         |
|          | than the author revenue collected, thus if is not so,       |

| 1 | (b) seen that, the expenditure should be less than 5%          |
|---|--|
|   | of the fotal tax collected (minute collected). Usually,        |
|   | many taxpayer in les developed emnomies four shortage          |
|   | of tunds to meet their duity expenditures, thus are            |
|   | tempted to consume part of the revenue corned, and             |
|   | this brings about ineffectiveness of tax collections           |
|   | Cannon of Certainty. This means that, a tax                    |
|   | payer mount be certain about the amount of tox one             |
|   | 11 paying, and the tax collector, showld be certain of         |
|   | the amount of money going to be collected. This                |
|   |  |
|   | depends on the flow of information basing on the               |
|   | collection of tax. In most situations, tax pages do not        |
|   | have proper information on how much as were as when            |
|   | to pay thus cousing problems. Canasty about the                |
|   | time and place should also be taken into consideration         |
|   | Cannon of Flexibility. A good taxation                         |
|   | system should be elastic, that is, it should be able to        |
|   | change in accordance to the 11tration of the twonony           |
|   | at present for instance, if the economy is expenining a        |
|   | depression, the tax system should be in award to the           |
|   | here of income earned at that situation here tax               |
|   | mond be reduced. This is different from when the               |
|   | Plumo my is experiencing a boom, whereby tax will be           |
|   | increased.   |
|   | Cannor of Productivity A good taxation                         |
|   | system mould be productive in such a way that, the             |
|   | revenue earned should be used in activities that               |
|   | promote maximum welfar of the individuals in the               |
|   | nation. If tax obsaumed is lett in the hands of                |
|   | the fax collectors, fax obtained will not be productive.       |
|   | Thus fac obtained should be allocated to productive autorities |
|   | We the provision of social services wice health, ->            |

Extract 10.1 is a sample of a good response.

The Extract shows a candidate who described objectives of the government expenditure in part (a) and was also able to briefly explain cannons of a good Taxation system in the economy in part (b).

The candidates who performed moderately provided insufficient explanations on both parts (a) and (b) of the question. In part (a), some of them were able to describe objectives of government expenditure by providing three points out of the five required, such as: stabilization of the economy, redistribution of income and influence allocation of resources. This indicates that the candidates had insufficient knowledge on the particular topic. Others provided the points without explanations due to inability to express ideas in English language. In part (b), the candidates provided few points which were less than the demand of the question. For example, one of the candidates explained only three cannons of a good taxation system in the economy out of five required points.

The candidates who performed poorly in this question provided incorrect responses on objectives of government expenditures. In part (a) for example, one of the candidates described incorrectly the objectives of government expenditure as: to ensure the welfare of the people, implementation of economic planning and paying debts. In part (b), the candidate explained incorrectly the cannons of a good taxation system as: economic development encourage working, reduce income inequality, increase government expenditure and increase in government revenue. This indicates that they had insufficient knowledge on the concepts of taxation. A sample of a poor response is shown in Extract 10.2.

| 2(9) Objectives of government expenditure    |
|--|
| To ensure the welfare of the people.         |
| The government Gending in order to           |
| ensure the welfare of the purple forerant    |
| spending on sours activities such as educate |
| Health & electroing unit water supply.       |
| Implementation 2 Deconomic pleaming          |
| Also the government spend their money        |

| 9 to for the suplementation of various aconomic flan. |
|---|
| 29 prexample development y industrial scota and       |
| agnealture Section                                    |
| Paying 2 debts. The government                        |
| also spend their money for the paying lound           |
| rg's debts. The country lebts forces government       |
| to spend-   |

| 201) | The cannons of good taxation include                 |  |
|------|--|--|
|      | Francomit development good texatom loads             |  |
|      | to the improvement in the oceaning of the gounty     |  |
|      | due to that the government is able bring changes thr |  |
|      | ough the revenue it obtains                          |  |
|      | Encourage working; good faxation ecourage            |  |
|      | poetle to engage in various economic activities for  |  |
|      | the improvement of their living Standard and the     |  |

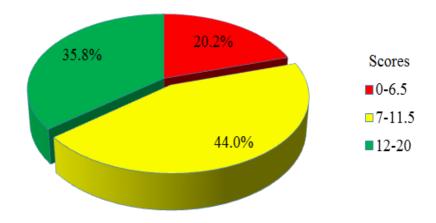
Extract 10.2 is a sample of a poor response.

In this Extract one of the candidates who provided wrong description of objectives of the government expenditures in part (a). In part (b), he or she failed to briefly explain cannons of a good taxation system in the economy.

# **2.2.3** Question 3: Financial Institutions

The question had parts (a) and (b). In part (a), the candidates were required to evaluate five factors which limit the process of credit creation of commercial banks. In part (b), the candidates were required to examine five functions of the Bank of Tanzania which promotes economic growth of the country.

The question was attempted by (10,252) 90.1 percent of the candidates, out of which (3,673) 35.8 percent scored from 12 to 19 marks, (3,932) 44.0 percent scored from 7 to 11.5 marks and (2,072) 20.2 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good as 79.8 percent of the candidates scored 7 marks and above. Figure 11 illustrates the distribution of the candidates' scores in question 11.



**Figure 11:** Candidates' Performance in Question 3.

The candidates who performed well in this question were able to meet the requirements of the question. This indicates good mastery of the subject matter in the particular topic. For example, one of the candidates managed to evaluate five factors which limit the process of credit creation of commercial banks in Tanzania in part (a), such as: lack of collateral securities, high interest rates, interference of the Central Bank, poor saving habits and economic depression. In part (b), the candidate managed to examine five functions of the Bank of Tanzania which promote economic growth of the country, such as: currency issuing, implementation of monetary policy, Bank of the Government, Banker of commercial banks and a lender of the last resort. A sample of a good response is shown in Extract 11.1.

| 3 of the antral bank has interpere hono godil                   |
|---|
| creation & limited in commercial banks in Tanzania.             |
|   |
| box (ourselfly Made on a fin                                    |
| pour varing habit: Mout of people in                            |
| lansanta do not keep morey h banku that It falls                |
| to gran vocus logo to banks borause It dog not                  |
| vivo Mony In banks home that make crocket                       |
| to Fail to appoint appointly In rural areas denot               |
| Keep money at all in bank and some woman visio                  |
| In vikepa. Us due to that crocker toucher                       |
| aparale according to what the commercial banks Wanted It to bo. |
| Wanted It to be   |
|   |
|   |
| Economic de provision? during economic depress.                 |
| on due to unamployment, par living utandard of peuple,          |
| Inflaher and others pouple for to vocus loan boccious           |
| they don't voice manay so it become difficult for people        |
| to vocuse loan to the banks thou pear to fail to return         |
| the loop and the interest rate and other but due                |
| boconomic depression the process of crocket crocker             |
| Fails to operate bocur of limitation of economicobpio           |
| Win.  |
|   |
|   |
| 214   |
| 36 Bank of Tanzania (80) lu the guiverment                      |
| Financial muntitum sulciblished to ambol crodit youlem          |
| In the country the following are the function of                |
| Bank of gardania which promise accounts growth of               |
| the country.  |

| 36 It buller allings Bank of Tankana lu  |  |
|--|--|
| doalt with printing of note and minting of coins   |  |
| and supplying to the public. It would lank of Tankania   |  |
| that deal with the system of auronay of the country  |  |
| It is the only that prints money when accountry has  |  |
| taced with deposit budget and other problem that   |  |
| account the among of the worky. It imports among   |  |
| In the country by wing commercial banks and other forms.   |  |
|  |  |
| the policy through and control banks regulate many h   |  |
| the policy of house and contral banks regulate many h  |  |
| arculation. cuming at archieving full employment and euro  |  |
| me growth, aiming at environg equitable division of  |  |
| Woolth, Archieving balance of payment by wine different  |  |
| took like Bank rate, upoul deput, lead mous rage   |  |
| Iroment, Open market aparahan, relactive creatit as hal and  |  |
| Moral Juliane  |  |
| The second secon |  |
| Bank of the guissement: Bank of tankana  |  |
| be the bank of Tanzenia It utura all rocenus of the  |  |
| gursorment both Internal and oxbina wurou of me nee like   |  |
| arrowings, Fers, tax, greats and aids, Fires and other   |  |
| also It advice the greenment in different ways also  |  |
| support the surveyment in implications measure pulses,   |  |
| Habling to occurry of the country, In controlling in   |  |
| Flahus, la prevides emplement.   |  |
| Flanon, in solutions among the   |  |
| Bankow bank: It is the hope of all   |  |
| banks In Tanzania like CROB, NMR, NBC and others all   |  |
| commo da parta die anticono podo accompt   |  |
| In contral banks so that they are got morey to   |  |
| run their bank so that Bank of tangara doo.  |  |
| Tran Their bound to have bring at his section  |  |
| A11  |  |
| 3 b A last lender rourt : Bank of Tandania lette   |  |
| aut lender rapit and une all commercial banks have   |  |
| to open acconty to Bank of Tanzania do Harbie  |  |
| the comminal bank borrow manage to the run thour   |  |
| banks It the only last place the committee bank  |  |
| burew Morey for along different achurros.  |  |
|  |  |

Extract 11.1 is a sample of good response.

The Extract shows a candidate who managed to evaluate five factors which limit the process of credit creation of the commercial banks in

Tanzania in part (a) and examined five functions of the Bank of Tanzania which promote economic growth of the country.

The candidates who performed moderately provided insufficient explanations on both parts of the question. They evaluated and examined less than five points or provided other incorrect points on both parts of the question. In part (a), some of the candidates were able to evaluate factors which limit the process of credit creation of the commercial Banks in Tanzania by providing three out of five required points. Other candidates provided points without the required explanations. In part (b), the candidates examined functions of the bank of Tanzania by giving fewer points than required. For example, one of the candidates examined only two points out of five required points, such as: *Banker to the commercial banks and Banker to the government*. This is due to inadequate knowledge on this particular topic.

Moreover, very few candidates with low marks failed to evaluate the limitations of the process of credit creation of commercial banks in Tanzania. This shows lack of sufficient knowledge on the concept of credit creation. For example, one of the candidates gave incorrect answer in part (a), such as: low level of science and technology, lack of skilled and unskilled labour, financial constraints, political and social instability and poor government support. In part (b), the candidate failed to examine five functions of the Bank of Tanzania which promote economic growth of the country. For example, one of the candidates gave an incorrect response on the functions of the Bank of Tanzania which promote the economic growth of a country, such as: provision of loans to people who are in need. Extract 11.2 is a sample of a poor response.

| 03 | a) The following are the factors - that                |
|----|--|
|    | limit the process of tredit creation of the Comme      |
|    | cial bank in Tanzania:                                 |
|    | Low level of science and technology.                   |
|    | in Tanzania their is no advanced technology that       |
|    | Can be used by in the process of Credit Creation       |
|    | In the Commercial bank.                                |
|    | Lack of Shilled and unskilled labours.                 |
|    | in our country most of the people have no educa-       |
|    | how on that Concern with credit creation of the        |
|    | Connectial bank to this factor lims this process       |
|    | of breelit breeting.                                   |
|    | Financial Constraint; there is no mon                  |
| (  | gh money to support the commercial bank in the         |
|    | process of credit Greation. Hence financial Constituci |
|    | nt 11 a fector that limit the graces of creatit bes    |
|    | how in Commercial bank.                                |
| ·  | Political and social instability; When                 |
|    | a Country Suffers from wars three this limit the       |
|    | process of Creatif Creation of the Commercial bank     |
|    | Pour government support, since                         |
|    | The government do not support the commercial           |
|    | Sank in the precess of Credit Creation this will       |
|    | be a factor they hant them.                            |

| -  |  |
|----|--|
| 03 | 5) The following are the function of the               |
|    | Gank of Tanzania Which promote economic growth         |
|    | of the Country:  |
|    | Provision of loans to people who                       |
|    | ere in need. Bank have provide enough Support          |
|    | to the Chien since it provide money and you pay        |
|    | back according to the agreenent nade.                  |
|    | Provision of employment; most of                       |
|    | the banks in Tenzenia have employe people such as      |
|    | Security, accountant and other either your shalled     |
|    | or unstilled.  |
|    | Provision of Security to the income                    |
|    | of people in the lountry. Banks keep nooney for        |
|    | people and across them to take them when they are      |
|    | in need.   |
|    | Increase in investment, since when                     |
|    |  |
|    | The keep the money of people they so we then in        |
|    | other different sector so these they could make projet |
|    | through invest those money in other activity her       |
|    | as agricultural activities.                            |
|    | Provision of Journal terrices that                     |
|    | are need by the people such as financial services      |
|    | When a gerson need money he is The can Lorow           |
|    | frem the bank.   |

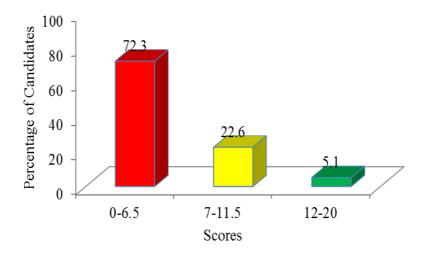
Extract 11.2 is a sample of a poor response.

In this Extract a candidate who failed to evaluate factors which limit the process of credit creation of the commercial banks in Tanzania in part (a). In part (b), the candidate failed also to examine functions of the Bank of Tanzania which promote economic growth of the country.

### 2.2.4 Question 4: International Trade

The question had parts (a), (b) and (c). In part (a) (i), the candidates were required to provide the meaning of exchange control, and in (ii) foreign exchange reserve. In part (b), they were required to explain briefly four main significance of foreign exchange reserve. In part (c), they were required to elaborate five objectives of foreign exchange control system.

The question was attempted by (274) 2.4 percent of the candidates, out of which (189) 72.3 percent scored from 0 to 6.5 marks, (70) 22.6 percent scored from 7 to 11.5 marks and (15) 5.1 percent scored from 12 to 15 out of the 20 allotted marks. Generally, the performance of the candidates in this question was poor, as 72.3 percent of the candidates scored from 0 to 6.5 marks. Figure 12 shows the distribution of the candidates' scores in question 4.



**Figure 12:** Candidates' Performance in Question 4.

Most of the candidates performed poorly in this question. They were unable to provide the meaning of the terms exchange control and foreign exchange reserve in part (a) (i) and (ii), respectively. This indicates that they had insufficient knowledge associated with the concepts of foreign exchange. In part (b), some of the candidates failed to explain the main significance of foreign exchange reserve. For example, one of the candidates explained the significance of foreign exchange reserve as: ensure equal value of money, employment creation, promote international relationship, and increase liquidity which was wrong. In part (c), some of the candidates provided objectives of foreign exchange control system as: promote international relationship, facilitate buying and selling, create employment, saving value of money and promote continuous circulation of foreign currency, which were wrong. This indicates that

the candidates had insufficient knowledge on the foreign exchange control system. A sample of a poor response is shown in Extract 12.1.

| 4.  | @ ( Exchange control! that is the sity  | $\neg$   |
|-----|---|----------|
|     | afron where by a country countre! the   |          |
|     | exchange and Importation of harms   |          |
|     | in the country that   | $\neg$   |
|     |   | $\dashv$ |
|     | help to make pand amount of goods   | $\dashv$ |
|     | imported and exported.  | $\dashv$ |
|     |   | $\neg$   |
|     | (i) Ferrign exchange vernos: Retors to  |          |
|     | the pairy of exchanging differency  |          |
|     | Country Compress in squal value of  |          |
|     | the contain amount of money exchanges.  |          |
|     | 7   |          |
|     |   |          |
| 4.6 | The followings on the monin   |          |
|     | significance of foreign exchange versus   |          |
|     | Enters equal value of waney   |          |
|     | pxulanged: farzign pxulango volens pulves   |          |
|     | tuch money exchanged in belonce   |          |
|     | without the marring of one type   |          |
|     | of word pxthoughs.  |          |
|     | Employment evertion; ferrigin   |          |
|     | Exchange voiens promote surpleyment   |          |
|     | to the people who are involved on   |          |
|     | the prouses of exchanging money   |          |
|     | that help to increase the mome  |          |
|     | of people and value note of mample  |          |
|     | yment in the Country.   |          |
|     | Promote international valetion  |          |
|     | sunder apported appropriate it is   |          |
|     | the Compres involved on exhange to  |          |
|     | promote understandings between them.  |          |
|     | I S MAN A STATE CHANNALLY SOME STATE OF THE |          |

| 11 A         | h la sala la fair la f |
|--------------|--|
| 9.6          | I harross liquidity in the flow of   |
|              | fersign company: teat is due to forsign  |
|              | Exchange varage various increases the  |
| <u> </u>     | amount of fersion courses from the   |
|              | Comprise of the different asal.  |
|              |  |
| <b>&amp;</b> |  |
|              |  |
| 4.           | 3  |
|              | of the ferrign exchange control system   |
|              | Promoto inspructional ratationship:  |
|              | fension exchange control provides to   |
|              | Informational volationship since the   |
|              | money or exchanged +qually according   |
|              | to its valve of the money.   |
|              | Fairliteta buying and souring  |
|              | of money! foreign exchange control   |
|              | have the own of fauliteting the  |
|              | provisiof buying and splling of  |
|              | money though removing conduitions that   |
|              | limit the money Exchange Control.  |
|              | To create employment; fre  |
|              | fersign exchange (ontro) system anom   |
|              | pl at one oting surplayment oppor  |
|              | twities to the proper was one into   |
|              | had in the propose of money exch   |
|              | ang & Control.   |
|              | I ferring value of money! that   |
|              | 13 the abjective of foreign exmange  |
|              | Control street the foreign exchange  |
|              | Control psteblishing for the own of ma   |
|              | ting money to storp 14 values in any   |
|              |  |

| 4. @ Cardition was wrther there is increa |
|---|
| Is in value of Luying or rolling on dis   |
| creating value of Luying and souring.     |
| To promote continuous circulation         |
| of foreign currencial: foreign exchange   |
| control at med to central or to Ansur     |
| there is equal ston circulation of more   |
| y of different compres.                   |
| There for , all close on the              |
| objectives of foreign exchange (antro)    |
| matty.                                    |
|   |

Extract 12.1 is a sample of a poor response.

The extract shows that a candidate who was unable to provide the meaning of: (i) Exchange control, and (ii) Foreign exchange reserve in part (a). In part (b), the candidate failed to explain briefly the main significance of foreign exchange reserves. In part (c) the candidate failed to elaborate objectives of the foreign exchange control system.

The majority of the candidates escaped this question and only few of them attempted it partially. They gave just the meaning of either exchange control in (a) (i) or foreign exchange reserve in part (a) (ii). Some of the candidates provided less than the required points while others provided the points without the explanations as required by the question in part (b) and (c).

Those who performed well in this question had acquired sufficient knowledge on the subject matter in a particular topic. In part (a) (i) for example, a candidate was able to provide the meaning of exchange control as: The policy introduced by the government through the central Bank aiming at controlling the exchange in currency in terms of other countries' currencies example Tanzanian shillings with American Dollars, and in (ii) foreign exchange reserves as The amount of money that are accumulated only to facilitate the exchange with other countries for example with China and Japan. Furthermore, the candidate managed to explain briefly the main significance of foreign exchange reserves. For example in part (b), the candidate explained the main significance of the foreign exchange reserve as: it facilitates transactions with foreigners, correction of Balance of Payments deficit and promotes economic growth. Apart from that, in

part (c) the candidate was able to elaborate objectives of foreign exchange control system, such as: correction of Balance of payments, protection of domestic industries, facilitates foreign investment and protection of domestic currencies in terms of foreign currencies. Extract 12.2 shows a sample of a good response.

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|   | policy Introduced by the government through anton bank aiming                      |  |
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|   | new Interm of other Countries  |  |
|   | Currencies for example Tanania shillings with American dollars.                    |  |
|   | shilling, with American dillars.   |  |
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|   | ii. foreign exchange reserves refer  |  |
|   | s to the amount of money   |  |
|   | that are accumulated only to ha  |  |
|   | lighte the exchange with other<br>Countries for example with                       |  |
|   | Countries for example with   |  |
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|   | b) The following are the ma  |  |
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| are the objective of foreign exa  |          |
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| 10 correct balance of tayme   |          |
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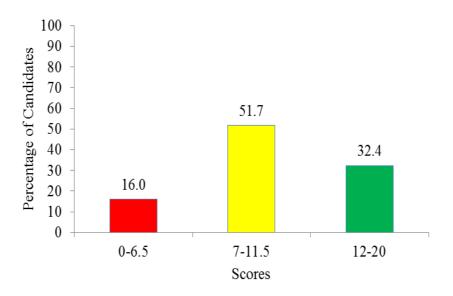
Extract 12.2 is a sample of a good response.

In this Extract a candidate who was able to explain the meaning of Exchange control and Foreign exchange reserve in part (a) (i) and (ii), respectively. Furthermore, the candidate was able to explain briefly the main significance of foreign exchange reserves in part (b) and also managed to elaborate objectives of the foreign exchange control system in part (c).

# 2.2.5 Question 5: Economic Planning

This question had parts (a) and (b). In part (a) (i), the candidates were required to distinguish consumer planning from producer planning and in (ii), partial planning from comprehensive planning. In part (b), the candidates were required to explain eight importance of planning in bringing proper allocation of resources in the economy.

The question was attempted by (6,751) 59.3 percent of the candidates, out of which (2,582) 32.4 percent scored from 12 to 19.5 marks, (3,488) 51.6 percent scored from 7 to 11.5 marks and (898) 16.0 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good as 84.0 percent scored 7 marks and above. Figure 13 shows the distribution of the candidates' scores.



**Figure 3:** Candidates' Performance in Question 5.

The majority of the candidates performed well in this question which implies that they had acquired sufficient knowledge on this particular topic. In part (a) (i), one of the candidates was able to distinguish consumer planning from producer planning as: Consumer planning is a planning in which a consumer plans on how to fulfil the availability of enough basic needs like food, shelter and clothes by considering his/her own income while producer planning is a planning in which a producer considers on how to produce, what to produce and for whom to produce in order to fulfil the gap between the producer and the consumer. In (ii), partial planning from comprehensive planning as: Partial planning is a type of planning in which the government covers one sector and achieve more strategies such as industrial sector while in Comprehensive planning the Government covers all sectors and achieve more in all social, political and economic sectors of the economy, which were correct. Furthermore in part (b), the

candidate managed to explain the importance of planning in bringing proper allocation of resources in the economy as: it *stimulates* economic stability, bring equitable distribution of wealth, encourage capital formation, enable favourable terms of trade, stimulate the high rate of employment and reduce stiff competition. A sample of a good response is shown in Extract 13.1.

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| rmulated by the government or frivate Sectors harder  |
| to archieve in social, Anifical and economic Issues.  |
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| of Problems forexample buck as capital, Rice Stuckration lack as trained pouche and Presence of Other Provate  |
| Sectors.   |
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| Is a Planning In which Consumer Plan Dn how to Suitful   |
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| the availability of enoughs base needs like food, he.  It is and clothes by ansidering the Its I name owned.   |
| (D)M(L)  |
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| CONTRA CO |
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| In social Cost of the first are archieved  |
| In social, Porifical and earnomic fur example Health sale  |

Extract 13.1 is a sample of a good response.

The Extract shows a candidate who was able to distinguish (i) Consumer planning from Producer planning and (ii) Partial planning from Comprehensive planning in part (a). In part (b), a candidate managed to explain the importance of planning in bringing proper allocation of resources in the economy.

Furthermore, the candidates who performed moderately managed to distinguish concepts in part (a) (i) but were unable to distinguish the concepts in part (ii). In part (b), among the eight required points, they managed only few points and were unable to support them with the required explanations. This may be due to inadequate knowledge related to the topic concerned.

The candidates with poor performance failed to meet the requirements of the question. In part (a), majority of the candidates failed to distinguish the given economic concepts while others provided partial responses. In part (b), the candidates were unable to give the importance of planning in bringing proper allocation of economic resources. For example, one of the candidates provided the wrong responses such as: it helps in the systematic coordination, helps or makes easy to identify the period of the plan, helps to know the intended objectives and goals, helps in regulation and control and it help in evaluation. This indicates that the candidates had insufficient knowledge in the subject matter. Extract 13.2 shows a sample of such poor responses.

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| the objectives and goal of the intended plan and hence help early allocation of resource.  Helps to identify the target of the plan and be able to work on it.  Helps in regulation and control; that planning helps to make reg laws that must be followed forecample protection polecy in order to be able to make early the allocation of resource.   |    | rojoura  |   |
| the objectives and goal of the intended plan and hence help early allocation of resource.  Helps to identify the target of the plan and be able to work on it.  Helps in regulation and control; that planning helps to make reg laws that must be followed forecample protection polecy in order to be able to make early the allocation of resource.   |    | Helps to know the intended objects                   |   |
| hence help earstly allocation of resource.  Helps to identify the target of the plan; through planning it is early to know what is the target of the plan and be cible to work on it.  Helps in regulation and control; that planning helps to make reg laws that must be followed forexample protection policy in order to be able to make eartly the allocation of resource.   |    | ver and goal i brough planning it is easily to know  |   |
| hence help earstly allocation of resource.  Helps to identify the target of the plan; through planning it is early to know what is the target of the plan and be cible to work on it.  Helps in regulation and control; that planning helps to make reg laws that must be followed forexample protection policy in order to be able to make eartly the allocation of resource.   |    | the objectives and good of the intended place and    |   |
| tlelps in regulation and control; that  planning helps to make reg laws that must be followed forexample protection policy in order to  be able to make easily the allocation of revenue.  |    | hence help easily allocation of resource.            |   |
| tlelps in regulation and control; that  planning helps to make reg laws that must be followed forexample protection policy in order to  be able to make easily the allocation of revenue.  |    | Happy to identify the target of                      |   |
| tlelps in regulation and control; that  planning helps to make reg laws that must be followed forexample protection policy in order to  be able to make easily the allocation of revenue.  |    | the plan; through planning it is easy by know        |   |
| tlelps in regulation and control; that  planning helps to make reg laws that must be followed forexample protection policy in order to  be able to make easily the allocation of revenue.  |    | what is the target of the plan and be able           |   |
| planning helps to make reg laws that must be followed forces imple protection policy in order to be able to make easily the allocation of resource.  |    | to work on it.                                       |   |
| planning helps to make reg laws that must be followed forces imple protection policy in order to be able to make easily the allocation of resource.  |    | Helps in regulation and control; that                |   |
| be able to make eastly the allocation of worder to   |    | planning helps to make my law that must be           |   |
| be able to make easily the allocation of weara.  |    | followed forexample protection policy in order to    |   |
|  |    | be able to make earthy the allocation of revenue.    |   |
| it helps in evaluation; planning   |    | It helps in evaluation; Planning                     |   |
| It is also important in evaluation honce it  |    | It is also important in evaluation honce It          |   |

Extract 13.2 is a sample of a poor response.

The Extract shows that a candidate who failed to distinguish the given economic terms in part (a). In part (b), he or she failed to

explain the importance of planning in bringing proper allocation of resources in the economy.

### 2.2.6 Question 6: Marketing and Distribution

The question had parts (a) and (b). In part (a), the candidates were required to account for the six major problems facing cooperative societies in developing countries like Tanzania. In part (b), the candidates were required to outline the four main principles of cooperative societies.

The question was attempted by (7,055) 62.0 percent of the candidates, out of which (1,980) 28.1 percent scored from 12 to 20 marks, (2,914) 41.3 percent scored from 7 to 11.5 marks and (2,161) 30.6 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 69.4 percent scored 7 marks and above. Figure 14 shows the distribution of the candidates' scores.

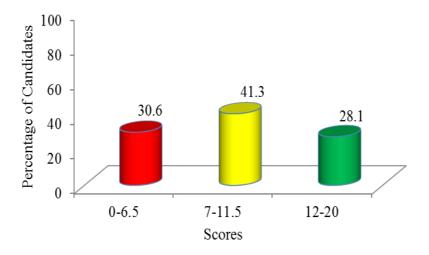


Figure 14: Candidates' Performance in Question 6.

The candidates with high scores in this question were capable to meet the requirements of the question. For example in part (a), a candidate managed to account for the problems facing cooperative societies, such as: weak supportive infrastructure, stiff competition, low level of education and training, shortage of funds etc. In part (b), the candidates managed to outline the four main principles of cooperative societies, such as: Open and voluntary membership, Democracy,

*Education and training as well as cooperation with others.* Extract 14.1 shows a good response from one of the candidates.

| 6  | (Coperatives Societies these are group or                       |
|----|---|
| 0. | people in the society four together with the aim of and         |
|    | Ching a certain activity towarder vector Social welfare and     |
|    | ng the Society. The pollowing are the problems ruing Cooper     |
|    | tive society.   |
|    | Week Support Inflasomethie. Cooperative                         |
|    | lociety too the problem of their intrastructure luch as raids   |
|    | in conducting their dyscrent activities in their courpo         |
| -  | ration. Most of truse cooperative are small cooperatives found  |
|    | In vival gross tray too tu, difficultie,                        |
|    | Thortego of storage keelities. Coppratives                      |
|    | Schenes dey du lack storage taulaties to store tren product     |
|    | Obterned how agriculture or any activities. Most of appear      |
|    | tives they do not have large storage facilities to store        |
|    | their products and its & challonge to them.                     |
|    | Stiff Competition, Cooperative society for                      |
|    | problem of stiff and high competition from private sector       |
|    | Or individual. Foristano Private Cuap larger train presence     |
|    | limit the strength of Cooperative Jouety                        |
|    | Low level or odvection and training. Coo                        |
|    | perative Societies most of the phembers tray trave cowedu       |
|    | Capan graphication and this their principle is any member con   |
|    | Come and join interior group but this it is a problem since     |
|    | low level of education is considered                            |
|    | Chartege of funds or Lack of prods. Coope                       |
|    | before lovery they do not have enough funds to ensure           |
|    | U 11 proper Operation of their activities and also to enable    |
|    | them to expand their group and hence becomes a problem to trem. |
|    | Laur of trained personell. The Cooperative Joye                 |
|    | hes they don't have a well trained personell to control tre     |
|    | managerial assues or activities in their group hence for        |
|    | monagement function is obtained from its cethothis.             |
|    |   |

| <u></u> | Conclusion: The explession will be seen that                     |
|---------|--|
| 0.      | the production (Coperation)                                      |
|         | Society Can be Colved by having well managerial peaus            |
|         | nel provision of civility to their and adequate funds should be  |
|         | provided by the number   |
|         |  |
|         |  |
|         | The pollowing are the principles of Coope                        |
|         | rative society   |
|         | Open and Voluntary wembership. The                               |
|         | ,  |
|         | of the main principle of Corperative Jouety is this open and     |
|         | Voluntary membership This means that the acoperatives loverty is |
|         | open to any prember who has willing and wish voluntarily         |
|         | to join in the cooperative somety. So any one can live undicin   |
|         | coperative society,  |
|         | Democracy. Another principle of Cooperative                      |
|         | Society is Domocray, In this domocracy nears there is            |
|         | equal chance for a membre to vate and to be vated . They have    |
|         | the slegen of One man one vote where by this slegan leads        |
|         | to the democracy in the Cooperative society                      |
|         | Education and training. Another pring                            |
|         |  |
| - 1     | Ple 13 adulation and haining where by education is provided      |
|         | among enembers in the Cooperatives country Therefore its         |
| -       | 1s a principle of Cooperative Society to privade education and   |
| -       | raining to peak member among tremselves.                         |
|         | Cooperation with other Cooperatives.                             |
|         | Cooperative Courtes has a principle of Cooperation               |
|         | that members ensure Cooperation with other Cooperatives          |
|         | Coasty in the country. The will be joining together indige       |
|         | vent Cooperative activities hence building the sense or          |
|         | togetherness in the Country                                      |

Extract 14.1 is a sample of good response.

In this Extract a candidate who was able in part (a) to account for the major problems facing Cooperatives societies in developing countries like Tanzania. In part (b), he or she managed to outline the main principles of cooperative societies in Tanzania. The candidates who performed moderately provided insufficient explanations on both parts of the question. Others managed to perform well in one part, either part (a) or part (b). In part (a) for example, out of the six required points, a candidate managed to provide only five points like *lack of skilled man power*, *lack of funds*, *poverty among the members*, *lack of facilities like in transportation and unpaid debts*. Others provided points without explanations. In part (b), most of the candidates imprecisely outlined principles of Cooperative Societies. For example, one of the candidates failed to outline the main principles of Cooperative Societies and instead he or she gave points, such as: *provides inputs to the farmers*, *make research in agricultural products and provide services to the farmers* which were incorrect.

Furthermore, very few candidates with poor performance failed to meet the demand of the question. In part (a) for example, a candidate provided wrong response on the major problems facing cooperative societies, such as: difference in currencies, difference in language use, political instability and difference in gains. In part (b), few candidates failed to outline the four main principles of cooperative societies. For example, one of the candidates outlined the four main principles of cooperative societies as: free trade, customer duties, economic duties and monetary factor facilities which were wrong. This shows that the candidates had inadequate knowledge on forms of regional economic units. Extract 14.2 shows a poor response of a candidate.

| G. Co. Cooperative Societies in Levelgraine -  Countries the For This refers to the member -  |
|---|
| Countries Her ten This refers to the member -   |
| State where by the join together for the purpose  |
| of to produce consolities with evality and evantity   |
| Co as to carn prost asia souther At FXC Cond  |
| The sellowing are the Marc problem & social   |
| Constraint Constraint in death of the factor  |
| The following are the Major problems facing<br>Cooperative Societies in developing Countries like<br>Tomania which are like.                          |
|   |
| Different in Carrenaes. This refers to  |
| the source of money used by the member state their  |
| differ so they can not be osed as a medium of   |
| exchange in a specific country they join forexample   |
| Tonzonia they use Shillings and kinga another   |
| currency deffer from Stallings.   |
| Different in language USO This refers   |
| to the different of language used as a medium   |
| or communication where by may cause some technological  |
| Crowledge can not be transfer from one member to  |
| another- forexample lancation people they use kisual  |
| while Kenya and Sourtern Africa they use English  |
| language as a madium of Communication   |
| Political instability. This refers to the   |
| Situation where by the area mae have no peace   |
| and security where by may could the member  State to do not join to each profit for their economy  Forotomple wars in Burundi, Conflicts, Earth eache |
| State to do not in to ear profit for their economic   |
| perotample wars in Burundi Conflicte Fatherake  |
| In Tanzania, draught, floods.   |
| In a dequate of Fands or Copital. This  |
| refers to the tetal amount of Income where by it  |
| Con be used in Barght Machines, payment water to  |
| workers payment of tax and rent where by when   |
| the member state have no enough funds then the  |
| Live in the state have no though funds that the   |

| Ga - the appration will dendine from higher Stage   |
|---|
| towards lower stages.   |
| tewards lower stages.  Lack of good Infrastructures. This refers  |
| to the poer Transport and Comunication Construction   |
| to the poor Transport and Comunication Construction where by may cause the cooperative State to pail  |
| In their planning Ferretample Reads, Railways,  |
| In their planning Ferretample Roads, Railways, pipe lines, Tetephone retworks.  |
| Different in gains. This refers to the  |
| Different in gains. This refers to the<br>Situation where by due to the different in the  |
| Ithological knowledge Used in production may cause  |
| Technological knowledge used in production may cause differ in benefits. Feretample the Technological used by the Tanania is differ to kenya then the gains will be differ also.  |
| Used by The landaria is differ to kinya then the  |
| gains will be differ also.  |
| There fore Those are the Major problems  Focing Cooperative Societies in Levelgring Countries  The Tonzania Solution to Solve must be Common  |
| Facing Cooperative Societies In Levelgoing Countries  |
| like Tanzania Solution to Salve must be Common  |
| Carrency adjusts of Capital Political Stability   |
| Commen la guage.  |
| 90  |
|   |
| Cooperative Scieties which are like as follows.  For Free Trade. This refers to the Completely  |
| Cooperative Scieties Which are like as follows.   |
| the true leade. This refers to the Completely   |
| Total State |
| So as key I can trade freely and carn mark  |
| profit in their State Specyclally.  |
| Castemer duties. This refers to the remark  |
| of Erriers among the moder state but the  |
| In another State as a non-member of the state must  |
| Economic Julies. This refers to the   |
| tourcome duties. This refers to the   |
| Free transfer of the Commodifies pan' one State to  |

| Gb - another State Foreyample can be paried through                             |
|---|
| Construction of roads, railways, pipe lines for transport                       |
| of Horms.   |
| Monentary pactor pacilities. This refers  |
| to the situation where by the member state must                                 |
| have Common currency which can be used as a -                                   |
| modium of exchange within a join econonic                                       |
| Integration.  |
| By Summing Up "Those were the   |
| By Summing Up "Those were the Principles of Coggeratives societies so as to be- |
| achieved and gain profit for their beneficial acromy                            |
| In a State.   |

Extract 14.2 is a sample of a poor response.

The Extract shows a candidate who was unable to account for the major problems facing Cooperative societies in developing countries like Tanzania in part (a). He or she also failed to outline the main principles of Cooperatives societies in part (b).

## 2.2.7 Question 7: Structure of Tanzanian Economy

This question had parts (a) and (b). In part (a), the candidates were required to state four roles of industrial sector in the growth of the agricultural sector. In part (b), the candidates were given quoted statement that, "Industrial sector is the key for economic development of many developed countries". They candidates were required to provide six points on why this sector is not successful in Tanzania.

The question was attempted by (10,402) 91.4 percent of the candidates, out of which (6,335) 60.9 percent scored from 12 to 20 marks, (3,829) 36.8 percent scored from 7 to 11.5 marks and (240) 2.3 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good, as 97.7 percent scored 7 marks and above. Figure 15 shows the distribution of the candidates' scores.

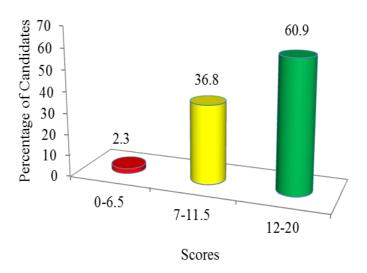


Figure 15: Candidates' Performance in Question 7.

The candidates with high marks managed to state the roles of industrial sector in the growth of agricultural sector in part (a). For example, one of the candidates provided four roles of the industrial sector in the growth of the agricultural sector as: supply inputs to agricultural sector, act as a market for agricultural products, stabilize prices for agricultural products and adds values for agricultural products. In part (b), some of the candidates managed to provide six reasons for why the industrial sector is not successful in Tanzania. For example, one of the candidates explained reasons, such as: inadequate capital, poor management, poor technology, poor infrastructure, weak internal and external market and lack of skilled personnel. This indicates that the candidates had enough knowledge on the concerned topic. Extract 15.1 shows a sample of a good response.

| 7· |   |
|----|---|
| ω) | industrial sector is among of negor sectors in                              |
|    | most countries. It deals with changing of Row materials                     |
|    | Into finished products. Industrial sector has great                         |
|    | importance in the economy of any country - It                               |
|    | may also Loud to development of other sectors.                              |
|    | The following are Roles of the industial                                    |
|    | Sector in growth of Agricultural sector.                                    |
|    | supply inputs to Agricultural sector - industrial                           |
|    | Sector supply inputs to the Agricultural sectors by                         |
|    | providing tools and E ouipment which are Used in Agricult                   |
|    | 13rt. Also it provide machine which head to the Michana                     |
|    | Zentur of Agriculture sector.   |
|    | Act as market ter Agricultural products - industrial                        |
|    | Sector need fawmaterials from Agricultural Erctor in                        |
|    | the process of production so when they supply Rawma                         |
|    | terials to the industrial sector, The sector act as momental                |
|    | for Agricultural products.  |
|    | Stabalize price for Agricultural products - by buying                       |
|    | the paw materials from Agricultural sector, industrial                      |
|    | Sector help in stabilizing the price of this product. so                    |
|    | they help in eliminating unccessory the ctration of prices                  |
|    | Pt Agricultural products.   |
|    | Adds value on Agricultural product - Also the                               |
|    | irdustrial sector has a great rules in Adding the value                     |
|    | of the Agricultural products this is buying them treductly adding the raise |
|    | they help in standaharing offer and honce development                       |
|    | Of Agricultural sector.   |
|    | All In all; The following were the roles of                                 |
|    | industrial sector in the growth of Agricultural sector.                     |

| Industrial sector is the secondary sector in our country and it provide 10% of employment apportants and also it contributes about 20% on the Gross domestic product.  The following are the problems focus industrial sector in Tonzonia.  In add acute capital - This sector needs about fund to finance its activities. Industrial sector needs aspitulto buy mechanis and employ other resources. So when it is inadequate it will head to fail to monitor its activities and to fail to monitor its activities and the will be unsuscessful in Tanzona.  Poor managment - Also managment is the melt important thing in allocating resources in this sector.  So in Tanzonia there is poor managment in this sector unich may Lead to un proper utilization or resources |
|---|
| And also it contributes about 20% on the Gross  domestic product  The following arp the problems towing industrial  Sector in Tonzonia.  In add acute capital - This sector needs about the fund to finance its activities. Industrial sector needs aspitule to buy mechanis and impley other resources. So when it is in add acute it will head to fail to monitor its activities and hence it will be unsuscessful in Tanzana.  Poor managment - Also managment is the melt important thing in allocating resources in this sector.  So in Tanzania there is poor managment in this sector which may Lead to unproper utilization or resources.   |
| domistic product  The following arp the problems found industrial  Sector in Tonzania.  In add arate capital - This sector needs about the fund to finance its activities. Industrial sector needs agricult to buy mechanism and employ other resources. So when it is in add arate it will be unsuscessful in Tantana.  Poor management - Also management is the mait important thing in allocating resources in this sector.  So in Tanzania there is poor management in this sector unich may Lead to un proper utilization or resources.  |
| The following arp the problems facing industrial  Sector in Tonzania.  In add acute capital - This sector needs about the fund to finance its activities. Industrial sector needs aprilled to buy mechanism and employ other resources. So when it is inade anote it will be unsuscessful in Tanzana.  Poor managment - Also managment is the mest important thing in allocating resources in this sector.  So in Tanzania there is poor managment in this sector which may Lead to unproper utilization or resources.  |
| Sector in Tonzania.  In add Quete Capital - This sector needs about fund to finance its activities. Industrial sector needs aprill to buy mechanes and employ other resources. So when it is in add audite it will be unsuscessful in Tantana.  Poor management - Also management is the malt important thing in allocating resources in this sector.  So in Tanzania there is poor management in this sector unich may Lead to un proper utilization or resources.   |
| In add arete capital - This sector needs about fund to finance its activities. Industrial sector needs aprilied to buy mechanes and employ other resources. So when it is in add arete it will be unsuscessful in Tantana.  Poor management - Also management is the malt important thing in allocating resources in this sector.  So in Tanzania there is poor management in this sector which may Lead to unproper utilization or resources.  |
| ford to financy its activities. Industrial sector needs apilot to buy mechanis and imploy other resources. So when lit is in add avoite it will head to fail to monitor its activities and hence it will be unsuscessful in Tantama.  Poor managment - Also managment is the melt important thing in allocating resources in this sector.  So in Tanzania there is poor managment in this sector which may head to unproper utilization or resources  |
| to buy meetines and imploy other resources. so when i't is in add anote it will had to fail to manitar i'ts activities and hance it will be unsuscessful in Tantana.  Poor managment - Also managment is the melt important thing in allocating resources in this sector.  So in Tanzania there is poor managment in this sector which may Lead to in proper utilization or resources   |
| 1't 15 made and it will hed to fail to monitor 1'ts activities and hence it will be Unsubcessful in Tanzana.  Poormanagment - Also managment is the melt important thing in allocating resources in this sector.  So in Tanzania there is good managment in this sector unich may Lead to un proper utilization or resources  |
| poor management - Also management is the meit important thing in allocating resources in this sector.  So in Tanzania thore is poss management in this sector union may Lead to unproper utilization or resources   |
| Poormanagment - +150 managment 15 the most Important thing in allocating resources in this sector.  So in Tanzania there is poor managment in this sector unich may Lead to un proper utilization of resources  |
| important thing in allocating resources in this sector.  So in Tanzania there is possiman agment in this sector  which may Lead to unproper utilization of resources  |
| so in Tanzania there is poor management in this sector which may Lead to unproper utilization of resources  |
| which may Lead to unproper utilization of resources   |
|   |
|   |
| And this will make this sector unsuccessfully.  |
| POOT technology - in Less developing countries like   |
| Tanzania the technology used in this sector is very   |
| Poor and this will make this sector in efficient by produ-  |
| and how andity products and also at Low output. Any   |
| this will make the industrial sector unsuccessfuly.   |
| POOI infastry dure - The movement of Raw mutural  |
| to the industry and goods to the market is facilitates  |
| by good infastructure. so when there is pour intastructure  |
| it will hinder the morement of Raw materials and goods  |
| to the market.  |
| Weak internal and external market size - industrial   |
| products needs marked in order to make the industry   |
| develop so when this products of industry have make   |
| internal and external market, it will hinder the  |
| development at this sector.   |

Extract 15.1 is a sample of a well answered question.

In this Extract a candidate who was able to state roles of the industrial sector in the growth of agricultural sector in part (a). In part (b) he or she explained the contention that "Industrial sector is the key for economic development of many developed countries".

The candidates with average scores in this question were able to explain partially one part of the question (or part (a)) by stating only

three out of four points required. They failed completely to attempt part (b). This could be due to failure to integrate the knowledge of agricultural sector with industrial sector.

Moreover, very few candidates who scored poorly were able to state few roles out of four required on the industrial sector in the growth of the agricultural sector in part (a). In part (b), the candidates failed to give reasons on why the industrial sector is not successful in Tanzania. For example, one of the candidates gave wrong responses, such as: *employment, development of infrastructure, development of science and technology, facilitate development of trade, enable growth of investment and enable market for agricultural products.* Extract 15.2 shows a sample of a poor response from a candidate.

| (b) | Endustrial sector, 159 sector                       |
|-----|---|
|     | which is doction with processing and manufa         |
|     | three of commodition, tumo mic development is       |
|     | quantitative and qualitative on prove in the        |
|     | ewnomy of a comply. The pullowing withe             |
|     | truth abuse the statement that i'l andustral as que |
|     | Key for eunomic development of many devoto          |
|     | ped countries"                                      |
|     | Employment, ordustral rechn                         |
|     | is a key be eurome der elopnent og derelo           |
|     | ped winning where by do privides employ             |
|     | ment opponition to the People like clarks,          |
|     | doctors, accomptents who willes the                 |
|     | endostes here is its to earnomic development        |
|     | in developed commis.                                |
|     | Devolopment of Entre structure,                     |
|     | also this is another truth about and                |
|     | Ustrial sector to be a key techn for economic       |
|     | derelopment in developed courties. Dereloped        |
|     | curtis like Usy their onfortuctus like              |
|     | roads railways and pub are developed                |
|     | due to Endustrial sector when by                    |
|     | thre roads, rilys and pub as cutor                  |
|     | cted to the ares were wordered as anilose           |
|     | here muco Endishis to be the lang                   |
|     | for simo mi development of developed                |
|     | comprés.  |

| 7 (6) | Et led to development of suerice   |
|-------|--|
| , 4,  | and technology, also industrial soctor is  |
|       | a liey for economic development or many  |
|       | At al and the same development of the same   |
|       | developed contris unice & facilitation   |
|       | denolognet of sneries and technology. Endustres  |
|       | of course like USA, Britain enabling the   |
|       | menu fictuip of compitors here controlts to many.  economic development to developed controls. |
|       | emore development to developed centrals.   |
|       | It Facilitates deralopment of  |
|       | trade, 9/50 industrial sector in developied  |
|       | Compris like Prince, RUSIR, Britain, USA enablig   |
|       | the development of tride through the goods   |
|       | produced by ten like cors, mobile plans  |
|       | and competers which enable a curry to trade  |
|       | with other natio here here results to  |
|       | economic development.  |
|       | It enable going of convisionent,   |
|       | Endustrial sector in developing sectors enable   |
|       | ag the grath of investment. This is due to   |
|       | capital accumulated from mode by flore and   |
|       | which who by people employed and omess of  |
|       | the ondribis lites countries like USA ad Britis  |
|       |  |
|       | or del minio here development in many  |
|       | dereloped contros.   |
|       | It enable morkets the  |
|       | and the self and the CALD medition such  |
|       | agricultural products, also industrial sections  |
|       | is two that is a key for lumomic develo  |
|       | process of many servelo ped commis. Endustrial secto   |
|       | r becomes a makets of agranthe products  |
|       | like cottons and minures to dendoped curts   |
|       | like USA, antawn and RUSAR when by their   |

| 760 | 4016 | to   | the develo | pment economically | Pr |  |
|-----|------|------|------------|--------------------|----|--|
|     | 1to  | dare | derelo pe  | (entrés)           |    |  |

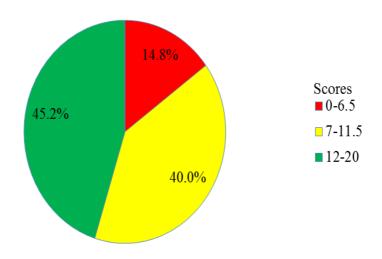
Extract 15.2 is a sample of a poor response.

In this Extract a candidate who failed to give reasons for why industrial sector is not successful in Tanzania in part (b).

# 2.2.8 Question 8: Economic Growth and Development

The question had parts (a) and (b). In part (a), the candidates were required to describe six determinants of economic growth. In part (b) (i), they were required to distinguish technological dependence from trade dependency, and (ii) Political dependence from financial dependency.

The question was attempted by (8,228) 72.3 percent of the candidates, out of which (2,462) 45.2 percent scored from 12 to 19.5 marks, (3,191) 40.0 percent scored from 7 to 11.5 marks and (1,221) 14.8 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance of candidates in this question was good as 85.2 percent scored 7 marks and above. Figure 16 shows the distribution of the candidates' scores.



**Figure 16:** Candidates' Performance in Question 8.

The candidates who scored high marks managed to describe determinants of economic growth in part (a). For instance, a candidate described determinants of economic growth, such as: level of technology that exist in the economy, size and nature of the labour force, stock of capital goods that exist in the economy, availability and exploitation of natural resources and the size of market and population available. In part (b) (i), the candidate managed to distinguish technological dependence from trade dependency as: Technological dependency refers to one country depend on technical

assistance and experts from another country in order to carry out its different economic projects while trade dependence refers to the situation whereby a country depends on international trade to promote its different economic activities, and in (ii) Political dependency from financial dependence as: Political dependence refers to the situation in which a country depends on another country in terms of making political decision which determines her political affairs while financial dependence refers to a situation whereby a country depends on foreign aid in terms of foreign currency in order to fund her various economic activities to supplement their budgets. The candidate indicated good mastering and competence of the subject matter in Economic growth and Development. Extract 16.1 shows a sample of a good response from one of the candidates.

| The determinante of economic growth, Exclude   |
|--|
| 1 \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \  |
| The level of technology existing in the economy,   |
| It the technology is of advanced level wainly  |
| The capital intensive technology which involves the  |
| The level of technology existing in the economy,  If the technology is of advanced level mainly  the capital intensive technology which involves the  use of machines lly's will lead to effective utilized. |
| En of releaved leading to high output of goods   |
| and services due to the effeciency of the technology   |
| h (eΛ' ,   |
| The cize and nature at the larger torce in the   |
| economy. An economy with a large labour torce win  |
| eronomy. An economy with a large labour force who his chilled will lead to the affective utilisation   |
| of resources when the labour force is employed in  |
| dyferent sectors of the economy thus teading to  |
| the inveces in out out Contrary when the labour torse  |
| the inverse is output. Contrary when the labour force or small and unskilled as it leads to low economic   |
| 1 10 000 540   |
| The stock of capital goods existing in the economy   |
| The stock of capital goods existing in the economy<br>of the stock of capital goods in terms of buildings,<br>factories, machines and others, is high in the economy   |
| factories, machines and others is high in the evonome  |
| nell lead to the increase in production which leads  |
| to high out out the stimulating expressive worth.  |
| Contrary, when the stack of canital goods is I mall  |
| Continue when the stack of capital goods is I mall if well lead to clow economic growth.   |
|  |

Chow.

| (5) (1) rechnological dependence refers to the depende-  |
|--|
| I nie of one country on technical desistance and experts   |
| from other countries inorder to carry out its, different   |
| promonic moint. H mainly imple also machines   |
| and technica know-how pom other countries.   |
| My setting they have a farmed to   |
| While;   |
| Trade dependence refers to the situation whereby   |
| a country depends on international trade to monote   |
| its different economic activities. Thus, countries largely   |
| depend on the experiation of their goods to fereign exchange and the importation of goods from other countries for economic development.                       |
| exchange and the importation of goods from other   |
| countries for economic development.  |
|  |
| (1), Political dependence, refers to the situation in  |
| which a country depends on another country in  |
| terns of making princal decisions which determines   |
| her political affairs or when a country's political  |
| decisions are determined by international organiz-   |
| ation and regional intergration.   |
| While!   |
|  |
| Financial dependencé refers to a situation where   |
| by a convery defends on preign and whom of   |
| by a country depends on foreign and interms of foreign currency in order to fund her various eventoric and coviety projects, also supplementing their budgets. |
| formic and couldy projects, also implementing their  |
| Gudgets.   |
|  |

Extract 16.1 is a sample of a good response.

The Extract shows a candidate who managed to describe determinants of economic growth in part (a). A candidate also managed to briefly distinguish (i) Technological dependency from Trade dependency and (ii) Political dependency from Financial dependency in part (b).

The candidates who had average scores in this question gave insufficient points in part (a). Some of the candidates were able to describe fewer determinants of economic growth whereby out of six required points, only two points were correct. Others failed to give clear details to support the points. In part (b), some of the candidates managed to distinguish economic concepts in part (i) and were unable

to give a clear distinction on economic concepts in part (ii). This shows that the candidates had insufficient knowledge in that particular topic.

The candidates who performed poorly failed to describe determinants of economic growth in part (a). This indicates that they had insufficient knowledge on the subject matter of the topic. For instance, in part (a), one of the candidates gave only one correct point of *Technological status* whereby the points like *per capita income*, *national income*, *money value and poverty rate* were not correct.

In part (b), they failed to distinguish the given economic concepts between, (i) Technological dependence from trade dependence as: Technological dependence is the tendency of depending technologically to the production process while trade dependence is the one which depends trade in the creation or generation of income; and (ii) Political dependence from financial dependence as: Political dependence is the one in which the government rely on either externally or internally while Financial dependence is the one in which it involves its financial means as the major or conducting other productive activities. This indicates that the candidate had inadequate competence in the topic of Economic growth and Development. Extract 16.2 shows a sample of such poor responses.

| & Q 1/ Technological dependence is the lendency of   |
|--|
| & B 1/ Technological dependence is the landency of depending technologically to the production processes   |
| While trade dependence 11 the one which depends  |
| had a my the contract of Denovation if the minus   |
| Technological dependacy depends in vannis  |
| lectrological dependacy depends on vannis  lectrological output which increases the rate of  Incinco generation which trade dependence   |
| muina generation which tride down dend   |
| depends much on exchange matters.  |
| departary private on the first of the first  |
| il Mitical characters in the main which  |
| political dependence is the one in which position wear are the one, which to govern  |
| ment vely on either externally or internally.  |
| while financial dependence is the one in   |
| which I't involves its financial mean as the   |
| water and the substitute of the  |
| major means cy production ex conducting ofter productive activities  |
| productive activities  |
| @ Economics growth is to increase of the   |
| economy love from you state to brigh state.  |
| Those are various Leterminains of economic growth  |
| Such c:  |
| Per-capital income: The income earned  |
| per annual is regarde considered to determine the  |
| 120 annual 13 regarde (character 15 describine la  |
| level of the economy of the par-capital incine is high them the economy grows and no   |
| 1 with the Economy grows and once  |
| Note I was To love to the  |
| National income : The level of the   |
| The contract of the contract o |
| The state of the s |
|  |
| when It is low the no economy growth there.  |
| war 17 11 100 10 10 (concord of the  |

| Technological Status A country 11111 on  | - |
|--|---|
| high technological status: A country using high technology it is well in economic status |   |
| Since it employs effective technology in its   |   |
| production but if the country 11 no affordable   |   |
| It employ effective toelandlugy such as Tanzamia   |   |
| the the economy is low.  |   |
| Money value; When the money value  |   |
| 13 high then the economic status 11 said to  |   |
| be high farexample USA but when the money  |   |
| ratur is low then the economic status also   |   |
| tends to be for forexample Panzania  |   |
| That I'm economic growth but low poverty   |   |
| that I'm economic growth but low poverty   |   |
| tate Shows high economic growth since in   |   |
| high, poverty rate New is low production   |   |
| while in low piverty rate has vice versa effects.  |   |
| , ,  |   |

Extract 16.2 is a sample of a poor response.

In this Extract a candidate who failed to describe determinants of economic growth in part (a). In part (b), the candidate failed to distinguish: (i) Technological dependence from Trade dependence (ii) Political dependence from Financial dependence.

## 3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

The topicwise analysis of 2019 ACSEE in Economics subject shows that the performance of the candidates was good, since the candidates had good performance in 13 out of 16 topics examined. The performance of the candidates in the topics tested is summarized in Appendix A, where green colour indicates topics with good performance, yellow colour indicates topics with average performance and red colour indicates topics with weak performance.

The topics with good performance include: Structure of Tanzanian Economy (97.7%), Population (95.0%), Public Finance (91.5%), Economic growth and Development (85.2%), Economic Planning (84.0%), Production (82.2%), National Income (80.9%), Financial Institution (79.8%), Employment and Unemployment (79.7%), Subject Matter of Economics (74.0%), Marketing and Distribution (69.4%), Theories of Demand and Supply (65.5%) and Theory of the Firm (64.1%). The good performance in these topics could be attributed to the fact that, the candidates were able to follow the required instructions; they were able to identify the tasks of the questions; and they had sufficient knowledge on the topics examined.

The averagely performed topic was *Market* (40.9%). The average performance was a result of misconception of some concepts, partial knowledge on the concepts related to the questions and inadequate explanations of some points. However, the performance in the topics of International Trade and Theory of Money was weak with an average of (27.7%) and (5.0%), respectively. The poor performance in these topics was caused by misinterpretation of the questions; misunderstanding the tasks and some concepts in those questions; inadequate knowledge of the topics, especially on the part of arithmetic skills, and attitude of students towards those topics.

A comparison of candidates' performance per topic for ACSEE 2018 and 2019 shows that in 2019 examination there has been a noticeable improvement in candidates' performance on the topics of *Population* and *Theory of the Firm* compared with 2018 examination. Moreover, compared to 2018, on average, the candidates still performed poorly in the topics of the *International Trade and Theory of Money* in 2019 Economics Examination. The poor performance in these topics was caused by misinterpretations of questions, misunderstanding of some concepts in the questions and inadequate knowledge on the sub-topics tested, especially those involving mathematical

derivations. The comparison of the candidates' performance in each topic for ACSEE 2018 and 2019 is shown in Appendix B.

## 4.0 CONCLUSION AND RECOMMENDATIONS

#### 4.1 Conclusion

The general performance of the candidates in Economics subject for the 2019 Advanced Certificate of Secondary Education (ACSEE) was good. The candidates had good performance in 13 out of 16 topics examined in paper 1 and 2. The candidates performed well in this examination because they were able to identify the demand of the questions, followed the required instructions and they had a sufficient knowledge on the subject matter. Furthermore, other candidates did not perform well because of wrong interpretations of the requirements of the questions and inadequate knowledge on arithmetic and drawing skills.

#### 4.2 Recommendations

In order to improve the performance of prospective candidates in this subject, it is recommended that:

- (a) Students should be encouraged to do many exercises to get experience in applying various formulae or concepts in answering questions. They should also be advised to revise all the topics to make sure that they understand the concepts thoroughly well.
- (b) Subject teachers should strive to equip themselves with learner centred teaching and learning methods. They should also equip themselves with knowledge on current economic issues and apply them in teaching and learning of Economics. This will build interest or motivate students in the learning process.
- (c) Subject teachers should ensure that questioning and discussion elicit students' thinking and solution strategies should build on them, leading to great clarity and precision.
- (d) School administrators should team up with subject teachers to facilitate study tours to the central and commercial banks. They should invite guest speakers as part of teaching and learning activities in order to broaden the students' understanding. This will enable students to acquire knowledge and skills in different areas of the subject.

- (e) Economics Syllabus should be covered on time by subject teachers in order to make students to acquire enough knowledge for all topics.
- (f) School administrators should ensure the availability and proper use of internet facilities or online materials which facilitate study as an alternative source of teaching and learning activities. This will broaden the students' understanding which will enable them to acquire knowledge and skills in different areas of the subject.

Appendix A
Analysis of Candidate's Performance in each topic

| S/n | Topics                             | No.of<br>questi<br>ons | % of candidates<br>who scored the<br>average of 35 or<br>above | Remarks |
|-----|------------------------------------|------------------------|--|---------|
| 1   | Structure of the Tanzanian Economy | 1                      | 97.7   | Good    |
| 2   | Population                         | 1                      | 95.0   | Good    |
| 3   | Public Finance.                    | 1                      | 91.5   | Good    |
| 4   | Economic Growth and Development    | 1                      | 85.2   | Good    |
| 5   | Economic Planning.                 | 1                      | 84.0   | Good    |
| 6   | Production.                        | 1                      | 82.2   | Good    |
| 7   | National Income                    | 1                      | 80.9   | Good    |
| 8   | Financial Institution.             | 1                      | 79.8   | Good    |
| 9   | Employment and Unemployment        | 1                      | 79.7   | Good    |
| 10  | Subject Matter of Economics.       | 1                      | 74.0   | Good    |
| 11  | Marketing and Distribution.        | 1                      | 69.4   | Good    |
| 12  | Theories of Demand and Supply      | 1                      | 65.5   | Good    |

| 13 | Theory of the Firm  | 1 | 64.1 | Good    |
|----|---------------------|---|------|---------|
| 14 | Market              | 1 | 40.9 | Average |
| 15 | International Trade | 1 | 27.7 | Weak    |
| 16 | Theory of Money     | 1 | 5.0  | Weak    |

Appendix B Comparison Summary of Candidates' Performance per topic for ACSEE 2018 and 2019

|     |                                       | 2018                                |  |         | 2019                                |   |         |  |
|-----|---------------------------------------|-------------------------------------|--|---------|-------------------------------------|---|---------|--|
| S/N | Торіс                                 | Number of<br>questions per<br>topic | Percentage of Candidates who scored an average of 35 | Remarks | Number of<br>questions per<br>topic | Percentage of Candidates who scored an average of 35 percent or above | Remarks |  |
| 1   | Structure of<br>Tanzanian<br>Economy  | 1                                   | 97.6   | Good    | 1                                   | 97.7  | Good    |  |
| 2   | Population                            | 1                                   | 55.9   | Average | 1                                   | 95.0  | Good    |  |
| 3   | Public<br>Finance                     | 1                                   | 79.8   | Good    | 1                                   | 91.5  | Good    |  |
| 4   | Economic<br>Growth and<br>Development | 1                                   | 92.9   | Good    | 1                                   | 85.2  | Good    |  |
| 5   | Economic<br>Planning                  | 1                                   | 67.7   | Good    | 1                                   | 84.0  | Good    |  |
| 6   | Production                            |                                     |  |         | 1                                   | 82.2  | Good    |  |
| 7   | National<br>Income                    | 1                                   | 70.3   | Good    | 1                                   | 80.9  | Good    |  |

| 8  | Financial<br>Institution              |   |      |         | 1 | 79.8 | Good    |
|----|---------------------------------------|---|------|---------|---|------|---------|
| 9  | Employment<br>and<br>Unemployme<br>nt | 1 | 72.6 | Good    | 1 | 79.7 | Good    |
| 10 | Subject<br>Matter of<br>Economics.    | 1 | 79.2 | Good    | 1 | 74.0 | Good    |
| 11 | Marketing and Distribution            | 1 | 36.5 | Average | 1 | 69.4 | Good    |
| 12 | Theories of<br>Demand and<br>Supply   | 1 | 64.2 | Good    | 1 | 65.5 | Good    |
| 13 | Theory of the Firm                    | 1 | 62.0 | Good    | 1 | 64.1 | Good    |
| 14 | Market                                | 1 | 36.5 | Average | 1 | 40.9 | Average |
| 15 | International<br>Trade                | 1 | 27.1 | Weak    | 1 | 27.7 | Weak    |
| 16 | Theory of<br>Money                    | 1 | 11.6 | Weak    | 1 | 5.0  | Weak    |
| 17 | Privatization.                        | 1 | 94.7 | Good    |   |      |         |

