

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



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

**151 ECONOMICS**

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**151 ECONOMICS**

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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.



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.

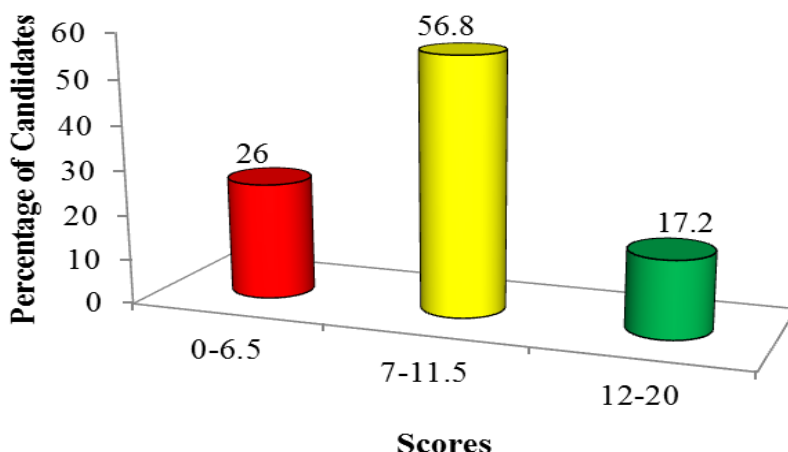
## 2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION

### 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.

14,	<p>Macroeconomics is the aggregate economy of the whole country. The importance of the macroeconomics is that it helps in the formulation of various policies and also in the taxation and also in the monetary problems. Unemployment and also national income of the country and that compared to the microeconomics this is the economics of the individual but it has an important role in the business executive and also in the various formulation of the policies in the country and that it is important.</p> <p>The following are the limitations of Macroeconomics analysis,</p> <p>fallacy of composition. In the macroeconomics the composition of the aggregate tend to be followed and that they indeed the the aggregate economics is the whole economics in the individual economics and that especially in the national income they considered that the national income which it tends to increase or decrease it's the national income of the whole economy of the country and it's not possible.</p> <p>statistical and conceptual difficulties, also in the macroeconomics there is statistical and the conceptual difficulties in the country. As the accurate data is example the national income of the country, it's not accurate and also sometimes it's can be maybe due to the unskilled</p>	
-----	--	--

19 labour and that the information that tends to be provided is not accurate in the economy.

Aggregate are considered to be homogeneous. In the micro economics the aggregate of the whole economy tends to be considered to become for the individual economy and that it's not true the income that a person tend to obtain it's does not mean that it's the income of the each individual in the society and that leads to limits the aggregate economy in the economy and thus limits micro economics.

Aggregate variable may not be important necessary. In the macro economics in the economy it's may not be important necessary the involvement of the national income as the whole and that sometimes people tends not to consider this concept since they considered it that it's not true about the information that provided and that led to the limitation of the macro economics in the economy because it's not quite necessary.

Aggregate misleading in the economy. And that the macro economics there may be misleading and that it's tend to hinder the achievement of the macro economics and that due to the misleading of the macro economic we can not obtain the data that we obtained

1a	Conclusively, macroeconomics tend to employ and allocate resources in the country economy and also in the unemployment concept.	
1b	Capitalism is the mode of production that involves the private ownership of the major means of production in the country economy. Capitalism tends to have a great advantage in the economy and that it promotes the efficiency in the production and that led to the increase in the output production and also capitalism promotes the proper utilization of resources and also it facilitates the freedom of choices in the commodities and that also competition.	
	The following are the demerits of capitalism.	
	Income Inequality, The income that people tends to obtain in the economy tend to vary in the society. There are low income earners and the high income earners and that due to the privatization that there are people who tend to obtain higher income and this it may be due to the level of skills and the those people that they have high skills in the society tends to obtain the best income compare to the unskilled person in the society.	

16/ Increase of social cost and importance of harmful products, also capitalism tends to lead to the increase of the social cost since there is private ownership of the major means of production and that people tends to invest in the various activities in the society and that they tends to produce their goods at their own cost in the country and that there are other that they tends to the pollution in the country.

Emergence of classes and Exploitation, also its led to the emergence of the classes of people tends to differ in quality of the life that people differ standard in living in the society and this is due to the earning of the income in the society and that there are people who tends to obtain the higher income in the country and that tends to exploit the people the country.

Welfare goods are ignored and wasteful of competition, also the production of the welfare goods tends to be ignored in the society and that there is also the wasteful of competition in the economy as the capitalist tends to maximize in the production of the goods and services in the country and that led to the inequality and also the welfare goods, are ignored.

1b,	Unemployment, also unemployment	
	is one of the demerits of the capitalist	
	in the country system where people	
	tend to be unemployed and that tends	
	due to the lack of sufficient demand	
	and also due to the lack of the	
	technology and that led to unemplo	
	ment in the country economy and	
	capital is the driving factor of the	
	unemployment	
	conclusively. Capitalism led to	
	the efficiency in the production and that	
	led to the increase in output production.	

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.



1a	<p>Macroeconomics is the one of the economics that deal with the highest of macro living things on the surface. The following are the limitation of the macro economics these are:-</p> <p>Through the use of chemicals Due to the use of chemicals is the one of the limitation that limit the macroeconomics analysis hence through this the use of chemicals should be removed in order to remove the limitation of the macroeconomics.</p> <p>Population pressure Due to the presence of population pressure is the one also of the <del>eco</del> macroeconomics analysis due to the fact that people dealing with the different activities that lead for the macroeconomics to disorganize.</p> <p>Through agriculture Also due to the presence of agriculture is the one that lead for the macroeconomics to have a very stream of diverging hence through this is the one of the factors that limit the macroeconomics.</p> <p>Poor use of tools, Due to the presence of the use of tools is the one of the <del>eco</del> macroeconomics analysis limitation hence the use of poor tools must be removed in order to make sure that there are no limitation hence through that is better the economy will be well improved.</p>	
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1b)	<p>Capitalist is the second mode of production that are aimed and tried in the early. The following are the elements of Capitalist these are:</p> <p>lived in came the Capitalist place the belated stage of production that the people lived in the time there were having low capacity of thinking low thinking capacity the animals there were living in that time were very low in thinking capacity because they were very low used themselves.</p> <p>low production, due to the animals to live in the time means that there not supported in dealing agriculture activities as the result low production as influenced to have.</p> <p>The use of low tools the tools that were used were very low simply because the number of animals were low thinking capacity hence the power of that low tools means that the animals at that time were having low production.</p> <p>low ideas exchange the ideas at that time during in the time were very low due to the fact that themselves were very low in thinking capacity therefore people of the time things at that time were very low in low as the result become into low in development.</p>	
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Extract 1.2 is a sample of a poor response.

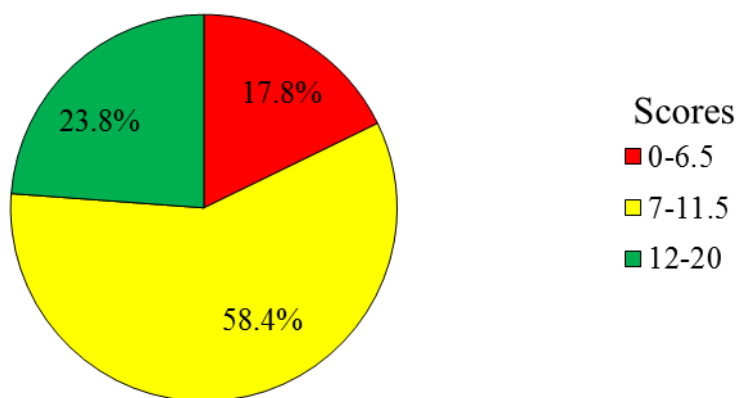
The Extract shows a candidate who failed to explain limitations of macroeconomic analysis in part (a). Also he or she failed to explain demerits of capitalism in part (b).

### 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)	<p>law of diminishing return states that "if equal amount of one variable factor such as labour added in the process of production while other factor like capital, land are kept <del>constant</del> constants, the Total product, Average product and marginal product will initially increase but after a time they will start to decline. Factor which limit law of return to operate are as follows.</p> <p>It can not applied in Long run period; This assumes there is both fixed <del>cost</del> <sup>factors</sup> and variable factors. but in long run period there is only variable factor. Thus it can not be used in long run period.</p> <p>It is not work with advanced technology; The law of diminishing return assumes that there is constant state of technology. so when technology improved this law can not be used in operation of production.</p> <p>It does not consider other factor which may decline production; it consider only labour but there is other factor like payment of labour, peace of mind which may also leads to decline in production.</p> <p>Assumes labour are homogeneous; but in reality labour differ in efficiency so labour can not be the same or equal level in production. this makes the law not be considered in daily production activities.</p>	
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The law of diminishing return does not take into account of other factors such as renewability of factors of production which may cause total product, average product and marginal product to decline. Because sometimes the other factor like the illness of the labour, low skill and experience of labour may lead to decline of total product, Marginal product and Average product.

The law is applicable only in a short run because involve the change of the one variable while other factors are kept fixed. The law it can not be applicable in a long run because in the long run the variable and fixed factors tend to change.

The law assume that only factor a homogeneous and perfect divisible while in normal circumstance the factors of production are not homogeneous and it was difficult to divide them equal in the production process.

Generally also the law of diminishing return was restricted to land only and ignore the other factors. The law also it applicable most during the short run period.

b. Efficiency of a labour is the ability of the labour to produce the great quantity and the quality goods. The efficiency of the labour depending on the level of education and experience, high level of wage, the good working environment, and a low working hours. The following

are the factors that contribute to low efficiency of a labour in Tanzania.	
Inefficiency of other factors of production, In most cases in Tanzania, labour may be efficient but being discouraged by the other factors of production like the outdated machine which lead to low quantity and quality of the product.	
Low level of wages to labour, In Tanzania in different sectors the amount of wages that labour receives they are not enough to promote their living standard and this lead to discouragement of the spirit of hardwork.	
Poor working environment for labour, the unfavourable working environment for example there are some places in Tanzania lack the essential for social services like good transport and communication system. this create the barrier for the efficiency of a labour.	
Low level of education and experience for most labours in Tanzania. the large number of people in Tanzania they are unskilled in production process therefore sometime this lead to the low production of goods and the low quality of goods.	
Also long working hours for some labour it have been facilitating to the low production and poor quality of goods and services produced by Tanzanian labour. Sometime the labours are overworking. This create counter some to labour and the tiredness hence stimulate the decline in the efficiency of the labour.	

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.

2a) Law of diminishing returns;  
 This states that the consumer consumes more and more units the output tends to change as the consumption of the consumer. Due to that the following are the factors which limits the law of diminishing returns to operate:-  
 Income of the consumer  
 If the income of the consumer is low this will cause the consumer to stop consuming more units which will lead to the law of diminishing marginal to fail to operate.  
 Substitute goods: Also this are the factors which limit the operation of the law of diminishing marginal returns for example coffee and tea the rise of one commodity lead to the decline of another.

2a) Change in the number of the consumer, when the consumer reduced this will limit the law of diminishing returns to fail to operate because there will be no one who will consume more and more units.

Climatic Change; this also limit the law of diminishing returns to operate for example At the winter period the demand of water in the market decreases due to the cold of that time which can not be compared with summer period.

Generally the law of diminishing returns are limited by the factors like climate and hence lead to the fail of that law.

2b) Low efficiency of laborer; this is the situation where by the products which are produced by the laborer are of low quality and quantity, due to that the following are the factor which contribute on the low efficiency of laborer in Tanzania:-



Q5

lack of experience; This is the most factor which contribute on the low efficiency of labour. This means that they don't have enough experience about the work. For example, in the mining climatic change; this is the most factor which contribute on the low efficiency of labour. For example, during the rain season there are some production which are produced by labour which have in low quality.

Absence of Conducive working environment. This is also the factor which lead to the low efficiency of labour in Tanzania. For example, absence of working materials.

level of Education. This is also the factor which has contributed on the low efficiency of labour in Tanzania. For example, the level of Education determine the quality and quantity produced.

low Science and technology in Tanzania. They still use the out dated technology on the production process which has lead to the low efficiency of labour. For example, the use of hoe.

26	Condition of the labour.
	If the labour is less this will
	lead to the low efficiency of
	labour for example on the
	mining activities if some one
	is less can not work properly
	Generally the low efficiency
	of the labour has brought high
	effects into the decline of
	competitiveness of Tanzania's product
	in the world market.

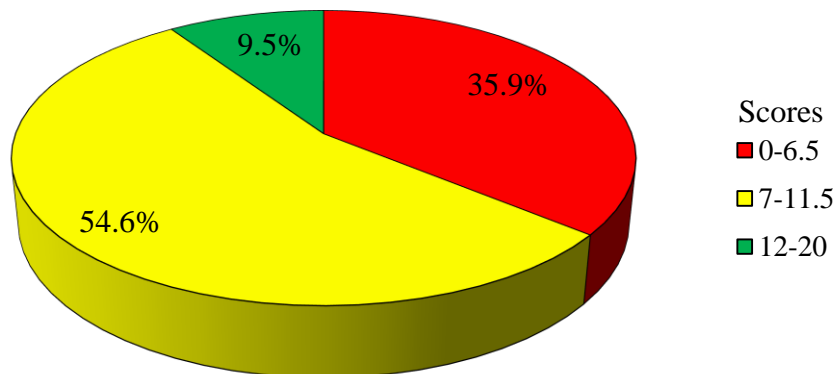
Extract 2.2 is a sample of a poor response.

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) <u>Solution:</u>	
	i) <u>Profit maximizing output</u>	
	<u>condition</u>	
	$MR = MC$	
	$TC = 10 + 5Q^2$	
	$MC = \frac{d(TC)}{dQ} = 10Q$	
	$P = 140 - 2Q$	
	$TR = P \times Q$	
	$TR = (140 - 2Q)Q$	
	$TR = 140Q - 2Q^2$	
	$MR = 140 - 4Q$	
	$MC = MR$	
	$140 - 4Q = 10Q$	
	$140 = 14Q$	
	$\frac{140}{14} = \frac{14Q}{14}$	
	$Q = 10 \therefore \text{Profit maximizing output}$	

3a)	Total revenue maximizing output.	
	$TR = (140 - 2Q)Q$	
	$TR = 140Q - 2Q^2$	
	$MR = 140 - 4Q$	
	$MR = 0$	
	$140 - 4Q = 0$	
	$140 = 4Q$	
	$\frac{140}{4}$	
	$Q = 35$	
	Total revenue maximizing output is 35.	
	ii) Maximum profit.	
	$\pi = TR - TC$	
	$TR = 140Q - 2Q^2$	
	$TR = 140(10) - 2(10)^2 = 1200$	
	$TC = 10 + 5(10)^2 = 510$	
	$Profit = 1200 - 510$	
	$Profit = 690$	
	Maximum profit enable to a firm is 690.	
	iii) Maximum revenue enable	
	$TR = 140Q - 2Q^2$	
	$TR = 140(35) - 2(35)^2$	
	$TR = 2450$	
	$\therefore$ Total revenue enable to a firm is 2450.	

3a) iv)	$TC = 10 + 5Q^2$	
	$TC = 10 + 5(10)^2$	
	$TC = 510$	
	$\therefore$ Total cost incurred by <del>profit</del> a firm at	
	maximum profit is 510.	

(b) Profit is the reward of the factor of production that is entrepreneur after bearing the risk of the business.

~~Promote~~<sup>Promote</sup> efficiency: Profit increase and promote efficiency to the entrepreneur whereby it make the entrepreneur be powerful and be encouraged in the performance of his activities to the business he has initiated, so when he is motivated, he will lead to the development of the economy. Since he will be motivated to employ another people and therefore the problem of unemployment might be reduced.

Expansion of the business: Through profit the business is able to expand in size in term of increase and enlarge the buildings, shift from small scale to large scale, and also the entrepreneur will be able to get economies of scale like marketing econo

2b)	nies, financial, buying economies and others, which he will be more efficient and be able to increase
	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 as labour, capital and land, is the residual amount remained. It encourage the entrepreneur in his performance and also motivate other people who fear for the risk 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, so the residual amount remained for the entrepreneur which is now a profit will be invested to another economic activities such as industrialization and agriculture.
	To increase production; profit tend to increase production in the firms means it increase supply so it has the reduced the chance of shortage and inflation, these will increase gross domestic products and hence government revenue increases, when the owner that is entrepreneur has decided to use his profit to re-invest in his business therefore he will increase production.
	To carry out research; Profit play the role of carrying out research by the entrepreneur concerning the market means level of demand, also level of competition and the market price, by doing so, the entrepreneur will be able to acquire and introduce his own technique so as to win the market, therefore profit will finance market research.

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	a2	<u>Soln</u>	
		Given	
		$P = 140 - 2Q$	
		$TC = 10 + 5Q^2$	
		P) profit maximizing output and total revenue maximizing output.	
		The firm maximize profit whereby $MR = MC$	
		$MR = \frac{\Delta TR}{\Delta Q}$	
		but $TR = P \times Q$	
		$TR = (140 - 2Q)Q$	
		$TR = 140Q - 2Q^2$	
		Then	
		$MR = \frac{\Delta TR}{\Delta Q} = \frac{\Delta (140Q - 2Q^2)}{\Delta Q}$	
		$MR = 140 - 4Q$	
		Then	
		$MC = \frac{\Delta TC}{\Delta Q} = \frac{\Delta (10 + 5Q^2)}{\Delta Q}$	
		$MC = 10Q$	
		Therefore	
		$140 - 4Q = 10Q$	
		$140 = 10Q + 4Q$	
		$\frac{140}{7} = \frac{14Q}{7}$	
		$Q = 20$	
		$\therefore$ The profit maximizing output = 20	

3 a) i) Then

$$TR = 140Q - 2Q^2$$

but  $Q = 20$

$$TR = 140(20) - 2(20)^2$$

$$TR = 2800 - 800$$

$$TR = 2,000$$

$\therefore$  The total revenue maximizing output is 2000.

ii) Maximum profit earnable to a firm.

Soln

$$\pi = TR - TC$$

$$\text{but } TR = 2,000$$

$$TC = 10 + 5Q^2 \text{ but } Q = 20$$

$$TC = 10 + 5(20)^2$$

$$TC = 10 + 2,000$$

$$TC = 2010$$

$$\pi = TR - TC$$

$$\pi = 2000 - 2010$$

$$\pi = -10$$

$\therefore$  The Maximum profit earnable to a firm is (-10)

ii) Total cost (TC) incurred by a firm at maximum profit.

Soln

$$TC = 10 + 5Q^2 \text{ but } Q = 20$$

$$TC = 10 + 5(20)^2$$

$$TC = 2010$$

$\therefore$  The total cost incurred by a firm at maximum profit is 2010 £

3 a) iii) Maximum revenue earnable to a firm -  
Soln

From

$$P = 140 - 2Q$$

$$TR = P \times Q$$

$$TR = (140 - 2Q)Q$$

$$TR = 140Q - 2Q^2$$

$$\text{but } Q = 20$$

$$TR = 140(20) - 2(20)^2$$

$$TR = 140(20) - 800$$

$$TR = 2800 - 800$$

$$TR = 2000 \text{ Rs}$$

$\therefore$  Maximum revenue earnable to a firm is 2000

b/ Profit, then is the amount of money remains in the business after the entrepreneur have been paid all factors of production such as rent, wages or interest. The following are the roles played by profit in the economy.

To allocate resources, profit can be used to allocate resources in a business at a given period of time.

To expand the size of the market profit in the economy can sometimes be used in expanding the size of the market where and when it is necessary.

To buy factors of production, this is also the role played by profit in the economy where by profit in the economy can be used by the producer to buying other factors of production such as Machine, Tractors.

3	b/	To balance the demand and supply of goods in the economy, profit in the economy can be used in balancing the demand and supply of goods in the economy to different people.	
		can be used to get in competition, profit in the economy can be used in making competition by the producer or by the firm which can cause or which can lead to that firm to increase or to maximize profit.	
		To improve the standard of living, also sometimes the profit in the economy can be used to improve or to increase the standard of living among the people in the economy (for example from low level to higher level of living). Thus the role played by profit in the economy.	

Extract 3.2 is a sample of a poor response.

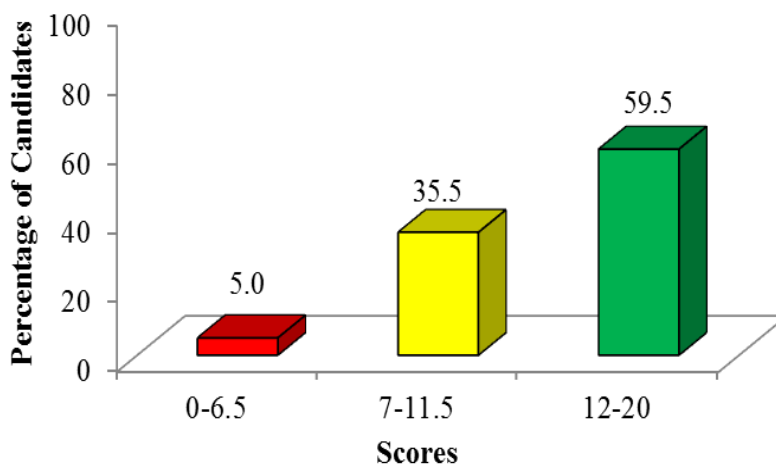
The Extract shows a candidate who failed to apply the formula of computing profit maximizing output and total revenue maximizing output, maximum profit earned to a firm, maximum revenue earned to a firm and total cost (TC) incurred by a firm at maximum profit in part (a). He or she also failed to describe 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) (i) Population size.	
	Refer to the number of people or population in the certain geographical area over a specific period of time. The population size might be large or small depend on the different factors such as death, birth and migration for both emmigration and imigration.	
	(ii) Overpopulation	
	Refer to the type of population with relation to resource, the overpopulation occur when population is greater than resource available. This might occur or found due to different various factors such as high birth rate and high rate of immigration when large number of people move toward our nation due to war, earthquake, and disease or for the aim of searching employment.	

4(b) High rate of population growth rate, refer to the <sup>rapid</sup> increase in number of people in the country. The reason for this is high birth rate, low mortality rate, movement of people from outside the country to the country, and rural to urban migration might lead to high rate of population growth in Tanzania.

The following are the contribution of the high rate of population growth in Tanzania to deteriorating the standard of living.

Unemployment, the state of being 'jobless', this is caused by increase in the population over the country, therefore the living standard of people tend to be affected since many people will remain 'jobless' and can not able to purchase some basic needs, example food, shelter and clothes.

Inflation, the persistent increase in general price level, this might occur, if the purchasing power of people increases, since the large population increases, therefore increase in price level tend to affect the standard of living of people, since the person can not afford the price that is fixed to him/her and sometime, the people fails to get health services and lead to death.

Emergence of social crimes, example prostitution, this might lead to spread of diseases, such as HIV/AIDS that tend to affect the standard of living of people, since the person can dead or sometime, remain poverty because of robbery emergence.

Increase in the number of dependency ratio, the increase of dependency ratio might affect the standard of living of a person, since the person who need to care for himself or ~~himself~~ herself, They must take care for those who depend on them, therefore deteriorating in living standard of people.

Environmental pollution, due to the high number of people in the area, the pollution caused by water and land pollution might occur and lead to outbreak of diseases, such as, water borne diseases that tend to affect the living standard of people.

4(b)	Poor provision of social services / the increase in population might lead to the poor provision of social service example education, health, electricity and water supply services, therefore the poor or unequal provision of such services might lead to deteriorating standard of living of people.
	Spread of diseases such as HIV/AIDS, due to congestion of people in area, this also cause the standard of living of people to be affected since the person might use a lot of money in health treatment rather than economic activities.
	Overexploitation of resources such as minerals, the environmental damage might lead to deteriorating in living standard of people, since the overexploitation of resources leads to exhaustion of minerals and other resources, therefore people might remain unemployed and later on leads to the occurrence of poor living standard.

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:	@	
	(i) Population size: Is the increase or decrease number of population in the geographical areas.	
	For example increase mean birth rate and decrease mean death rate.	
	(ii) Over-population: Is the situation where the number of people is greater than the natural resource available.	
	(b) High rate of population growth: Is the increase number of birth rate in 1000 year in geographical area. The high rate of population growth which are <del>cause</del> followings reasons due to the follows:-	
	Availability of food: when the food which cause the high rate of birth rate which increase in the areas for example in <sup>urban</sup> rural area the availability of foods take place compare to another like rural area.	
	Improvement Availability of transport and communication: when the transport and communication like roads, railways which are cause the high rate of population growth. when the improvement of transport and communication which are cause the high rate of population growth.	
	Improvement of science and technology: when the science and technology which cause high rate of population growth in the geographical area. when the science and technology like internet, computer and other.	

4: (b)	Impairment of health services; when the health service which improved due to high rate of population growth to increase and decrease. The health services like hospital, dispensary, doctor and other.
	Provision of education; when the high rate of population growth which cause due to education for example in school when the increase number of population also provide education in geographical areas.
	Create employment opportunities; when the high rate of population growth which create employment opportunities in the development of standard of living. Create employment opportunities which cause the high rate of population growth.
	Improvement of raw materials; when the raw material which development is the high rate of population growth due to increase or decrease in the 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.

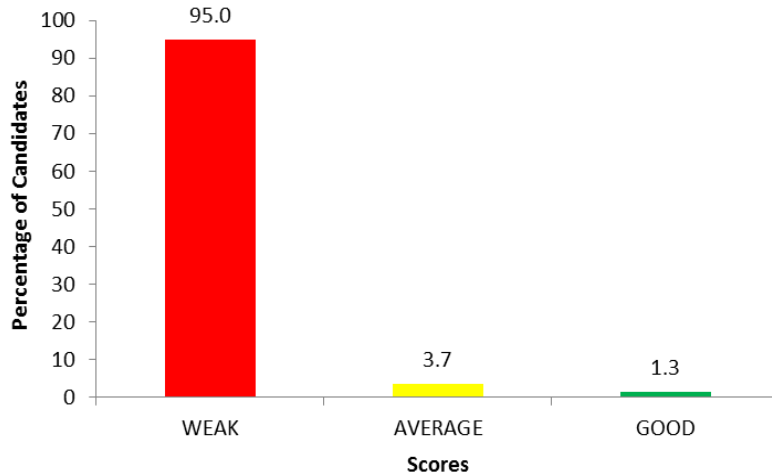
The Extract above shows a response of a candidate who provided incorrect meaning of the terms (i) Population size and (ii) Over population in part (a). In part (b), the candidate failed to justify the statement that “High rate of population growth in Tanzania has contributed to the deterioration of the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

$$L.P.I = \frac{\sum P_n \times Q_0}{\sum P_0 \times Q_0} \times 100\% \quad \text{and} \quad \text{Paasches Price Index, i.e}$$

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

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.

Q5. Weighted index of prices are.	
(i) Laspeyres price index and (ii) Paasche price index	
<u>Soln.</u>	
Laspeyres price index = $\frac{\sum p_n \times q_0}{\sum p_0 \times q_0} \times 100\%$	
[P.I] = $\frac{(2.5 \times 4) + (6.00 \times 2) + (0.8 \times 100) + (6 \times 3)}{(2.5 \times 4) + (5 \times 2) + (1.00 \times 1) + (6 \times 3)}$	
= $\frac{10 + 12 + 0.8 + 18}{8 + 10 + 1 + 9} \times 100\%$	
= $\frac{40.8}{28} \times 100\%$	
= 145.71%	
Paasche price index = $\frac{\sum p_n \times q_n}{\sum p_0 \times q_n}$	
= $\frac{(2.5 \times 4) + (6.00 \times 2) + (0.8 \times 1) + (6 \times 3)}{(2 \times 4) + (5 \times 2) + (1 \times 100) + (6 \times 3)}$	
= $\frac{10 + 12 + 0.8 + 18}{8 + 10 + 1 + 9} \times 100\%$	
= $\frac{40.8}{28} \times 100\%$	
= 145.71%	

(i) The weighted index is  $145.71\%$ .

(ii) The percentage change is  $\frac{145.71}{2} - 72.9$ .

$\therefore$  The percentage change is  $72.9\%$ .

(iii) The change in the value of money is:  
 $(145.71 - 100)\%$ .

$= 45.71\%$ .

$\therefore$  The value of money will change by  $45.71\%$ .

(b) (i) Inconvertible notes are the kind of money by using notes which does not convert to be as a good or raw materials for exchange. It is very important to show the nature of to produce it example Bank of Tanzania.

(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, central banks, government expenditures, credit creation, high balance of payment and special control deposit.

5b(iv)	Precautionary demand for money balances - means the precautionary ways taken by individual or at national level in order for use at future generations.	
5b(v)	Paper managed system is the system of exchange of money where by the central bank have to produce paper money or notes in order to be used for purposefully use of 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.

5. c)

7 The weighted index of prices for the year

Soln

Index  $\times$  weight

Goods A Year 1

$= 100 \times 4 = 400$

B = ~~500~~  $100 \times 2 = 200$

C =  $100 \times 1 = 100$

D =  $100 \times 3 = 300$

Goods Year 2

A =  $125 \times 4 = 500$

~~120~~ B =  $120 \times 2 = 240$

C =  $80 \times 1 = 80$

D =  $200 \times 3 = 600$

Year 1					Year 2			
Goods	Price	Index	weight	weight index	Price	Index	weight	weight index
A	2.00	100	4	400	2.50	125	4	500
B	5.00	100	2	200	6.00	120	2	240
C	1.00	100	1	100	0.80	80	1	80
D	3.00	100	3	300	6.00	200	3	600

$\Sigma WI = 1000$

$\Sigma WI = 1420$

i) The percentage change in the weighted index over the period.

Soln

$= \frac{\text{Weighted index year 2}}{\text{Weighted index year 1}} \times 100$

5.	Q79	
		$= \frac{1420}{1000} \times 100$
		$= 142\%$
		$\therefore$ The percentage change in weighted index over the period is 142%
		ii) The change in the value of money on goods over period.
		$142\% -$
		Percentage weight index - Base year price index
		$= 142\% - 100\%$
		$= 42\%$
		$\therefore$ The change in value of money of goods is 42%
		The answer is positive shows that
		- Value of money has decreased
		- Fall in investment
		- Increase in cost of production
		- Fall in standard of living.

	country that means there are shortage of goods and services that made the price to fall in the country price of	
--	---	--



5.	67	
	i7	Narrow money supply
		is the type of money supply
		which it involve the summation of
		currency in circulation and demand deposit.
		This is one of the type of money
		supply. Money supply is the amount of
		money in the circulation which includes notes
		and coins which are in the bank. Other
		type of money supply are broad money
		supply and broader money supply.

5.	67	
	i7	Precautionary demand for money balances
		is the type of demand for money
		which is held in cash by an individual
		for unforeseen event such as illness or
		accidents. This money are kept by a person
		so as to meet those events which cannot
		be known that they will occur in
		future to a person. Other motive of
		demand are transactionary demand for
		money and speculative demand for money.

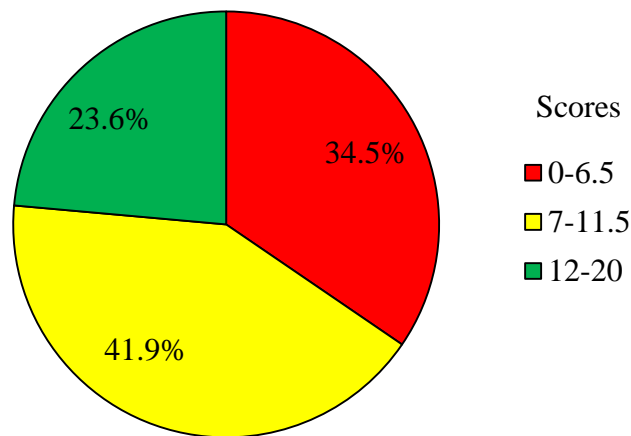
Extract 5.2 is a sample of a well answered question.

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.

6a)	i) In the graph.	
	ii) The graph shows that as the price of commodity Y increase, the Quantity of commodity X decreases and as the price of commodity Y decrease, the Quantity of commodity X increases.	
	<del>for commodity</del>	
	iii) Commodity Y and Commodity X are jointly demand goods. This means that the goods are needed together to satisfy a utility of a consumer. So when the price of one 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 will all increase all together. Let us pen this	

6a) iii) Commodity Y and X can be example: 'Car and petrol'

iv) The elasticity of demand in this case will be Cross elasticity of demand (CED)

$$CED = \frac{\text{Change in Quantity of } X}{\text{Change in Price of } Y} \times \frac{P_Y}{Q_X}$$

$$\text{Quantity One } (Q_{X1}) = 60$$

$$\text{Quantity Two } (Q_{X2}) = 50$$

$$\text{Price One } (P_{Y1}) = 15$$

$$\text{Price Two } (P_{Y2}) = 20$$

$$CED = \frac{Q_{X2} - Q_{X1}}{P_{Y2} - P_{Y1}} \times \frac{P_Y}{Q_X}$$

$$= \frac{50 - 60}{20 - 15} \times \frac{15}{60}$$

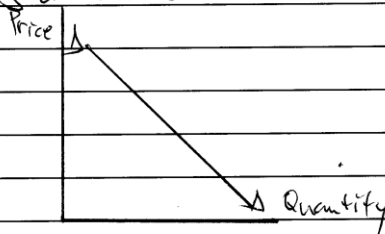
$$= \frac{-10}{5} \times \frac{15}{60}$$

$$= -2 \times 0.25$$

$$CED = -0.5$$

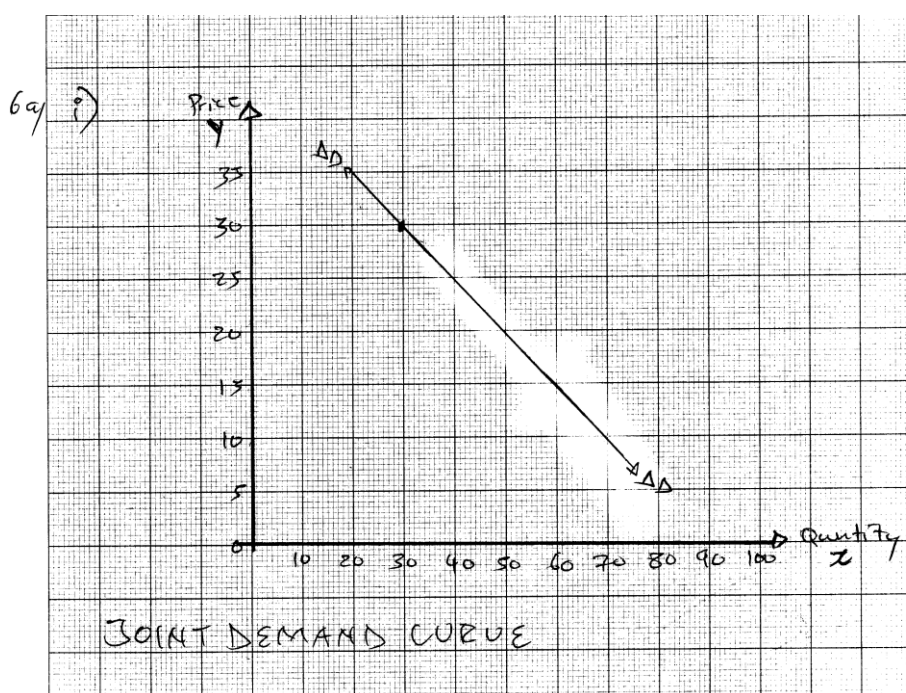
Cross elasticity of demand is -0.5

6b) A normal demand curve slopes from left to right downwards.



6b)	The following are the reasons to prove the shape:	
	<u>Price Effect</u> makes the demand curve slope downwards from left to right. When the price increases the consumers tend to demand less of the product. When the prices decrease it motivates consumers to demand more of the product. This therefore leads to the shape of the demand Curve.	
	<u>The Marginal diminishing utility.</u> When a person consumes more and more of a commodity, the marginal utility of it tends to diminish. So the consumer will only buy more when the prices are low and less when prices are high, therefore causing the shape of demand curve.	
	<u>Due to the Income Effect.</u> When prices increase the cost of living becomes high causing the income not to be enough to buy the same products. So the demand decreases due to limited income. The demand becomes high when the prices become low and makes the income be enough to buy more.	
	<u>Presence of Substitution:</u> When the Price increases, demand falls due to presence of substitution. People shift to other products. If the price falls the demand will increase due to attraction.	

65	and so the demand curve tend to slope downwards from left to right.	
	<u>Multiple use of a commodity-</u>	
	Some commodities have more than one use. When the prices of the commodity decreases, the consumers will only demand more so as to use it in different uses but if the prices of the commodities are high the demand will decrease and it will be only demanded for the important use. Example Sugar and so the demand curve will have a downward slope from left to right.	



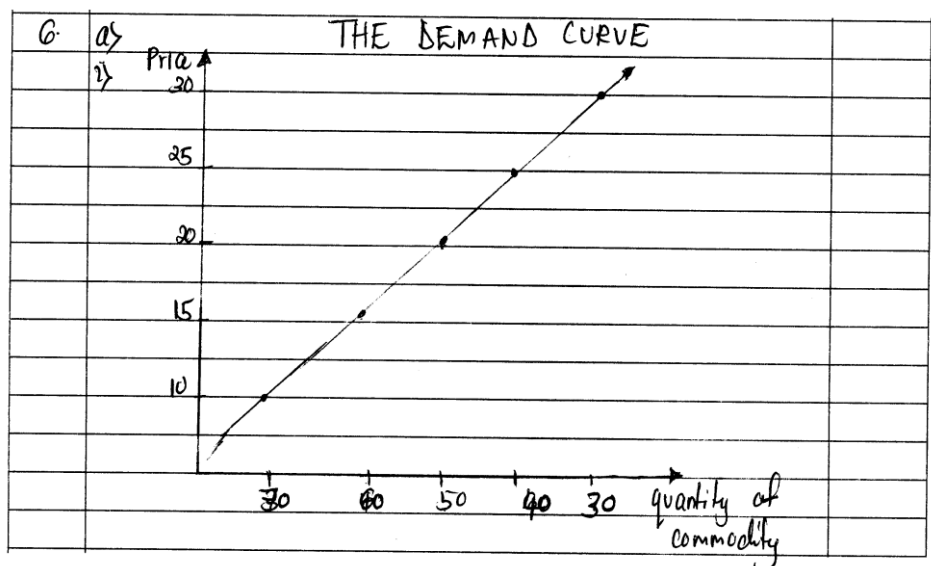
Extract 6:1 is a sample of a good response.

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. a) ii) The graph above represent the DEMAND CURVE since the increase of price of commodity leads to the decrease of quantity bought.

iii) The economic interpretation of the graph implies the law of demand which states that "ceteris paribus the increase of price leads to the decrease of the quantity demanded". For example when the price of the commodity was sold 1000 Tsh the increase of the price from 1000 Tsh to 200 Tsh will affect the level of demand.

iv) Solution

Data:  $P_0 = 15$

$P_n = 20$

$Q_0 = 60$

$Q_n = 50$

Formula

$$\text{Elasticity of demand} = \frac{\Delta \text{Quantity}}{\Delta \text{price}} \times \frac{P_0}{Q_0}$$

$$= \frac{20-15}{60-50} \times \frac{15}{60}$$

$$= \frac{5}{10} \times \frac{15}{60}$$

$$= \frac{15}{120}$$

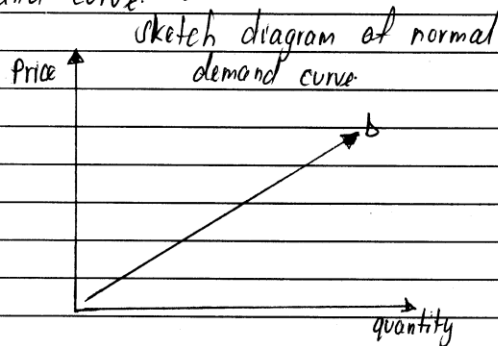
$$= 0.125$$

The price elasticity of demand = 0.125



OG b) Demand is the ability and the willingness of person to buy a commodity at specific time and specific outgoing price. In order for a demand to be effective there should be ability to buy and outgoing price. The normal demand curve slopes from the right to left. There are many reasons to prove normal demand curve.

The following are the reasons to prove normal demand curve.



Change in price of a commodity, Change in the price of the commodity will prove normal demand curve since the increase of the price will lead to the decrease of the quantity demanded hence the demand curve will be normal and the slopes will slopes from the right to left.

Change of taste and preference, The change of the taste and preference of a consumer will affect the demand whereby change of a colour or taste of a particular commodity will make a purchaser to not demand of that commodity hence the quantity demanded will be low.

Change of the weather condition, The change

6	<p>b) If the weather will affect the demand of a particular commodity, whereby for example during the rainy seasons the demand for cold drinks will be low hence will not be demanded much hence will cause the demand curve shape to be normal.</p> <p>Law of diminishing utility, This also will prove for the shape of the normal demand curve since a person will use a certain commodity for a long time but it will reach to a point when the demand of that commodity will be low hence will lead to the shape of the normal demand curve.</p> <p>Change of price of substitute, This also is the reason for the shape of the normal demand curve because when the price of the substitute of a commodity change for example soda from a coca-cola company will be low will lead to the decrease of the demand of soda from pepsi company hence the demand curve shape will be normal.</p> <p>Conclusively, There other causes that will make the demand curve to appear differently such as luxury goods, the ignorance of the consumers and expectation of the shortage of a particular product.</p>
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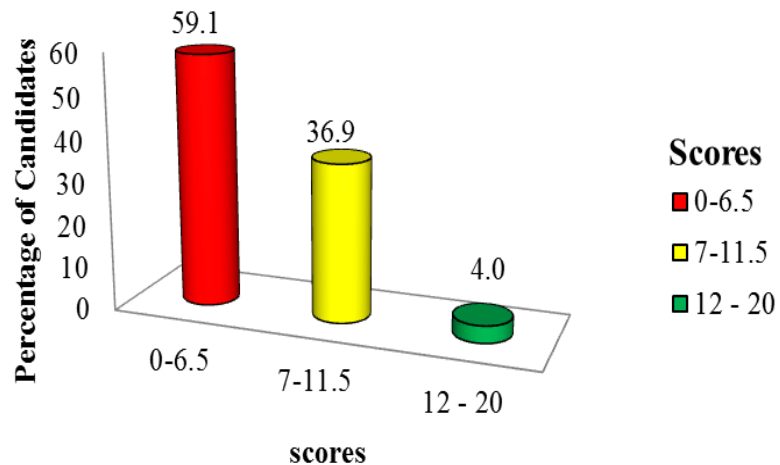
Extract 6.2 is a response of a candidate who failed to: (i) draw the graph to represent the information given in the table, (ii) briefly explain what does the graph drawn in (i) show, (iii) explain the economic interpretation of the graph by giving examples and (iv) to calculate the elasticity of demand 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).

7	@ The following are criteria used to classify the market structures in an economy.	
	Degree of competition. When there is higher competition in the market it is regarded as a perfect competition market structure and when the degree of competition is low it is imperfect market structure.	
	Number of buyers and sellers. When there is a very large number of buyers and sellers in the market it is regarded as a perfect competition market structure and when there is a small number of buyers and sellers it is imperfect competition market.	
	Entry and exit limitation. If there is free entry and exit in the market hence it is perfect market structure and when there are barriers in entry and exit it is imperfect competition market structure.	
	Price making. When the firms in the market are price takers that means it is a perfect competition market structure while when a firm is a price maker in the market it means the market structure is imperfect competition market structure.	

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 market structures as *Perfect competitive market*, *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. a.	Monopoly market, is a	
	type of market structure where	
	by there is only producer	
	and buyers. In which he it sells	
	and produces the product to all	
	other buyers in the firm. An	
	example is TONESCO which	
	supplies electricity all over Tan	
	Tanzania which has it branch	
	es in different areas.	

7. a). Market is an area where buyers and sellers meet to exchange commodities. Market structures are the classifications of markets according to their behaviour and characteristics. The following are the market structures in the economy;

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 imaginary market that exists in a firm.

Imperfect competitive market, is a type of market structure where as there are larger sellers and single few buyers.

As it is classified with Duopoly, Oligopoly, Monopsony, and Duopsony within the firm.

Monopolistic market, 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 consumption for the customers.

7. b).	Monopoly is a situation in the market by which the single & producer sales the its product to the buyers. Example TONESCO. The following are the reasons to why it is not economically 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 consume.
	Lack of consumers choice, due to its ability to produce only a single product. Hence they have no rights to be free which then is uneconomically.
	Government support, the monopoly is mostly supported by the government. Where as it is provided with patent rights to produce at certain levels.
	Conclusively, the monopoly arises due to reasons or sources such as the patent rights, natural resources and trade liberalization.

Extract 7.2 is a sample of a poor response.

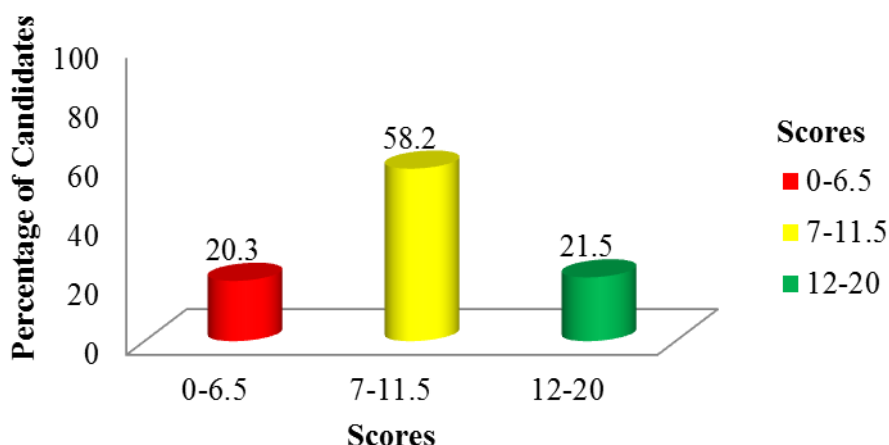
In this Extract a candidate who failed to explain criteria used to classify the market structure in an economy in part (a). A candidate also in part (b) failed to provide a clear well labelled diagram to explain why the monopoly is not economically efficient.

### 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)	<p>Unemployment of labour refers to the situation in which people are willing and able to work but cannot find jobs. Unemployment occurs in the economy due to a number of factors like rural - urban migration, climatic changes, technological changes, fall in demand and population pressure. However, unemployment can still occur in an economy even if the economy has reached a full employment level.</p> <p>The following are the types of unemployment that exist even if the economy has reached full employment.</p> <p>Frictional unemployment. This is the type of unemployment which occurs as a result of friction in the labour market which creates delay or time lag during which a worker moves from one occupation to another. This happens due to the lack of perfect mobility of factors of production in both geographical and occupational sense.</p> <p>Structural unemployment. This is a type of unemployment brought 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 produces outdated products regardless the improvement in technological levels.</p> <p>Casual unemployment. It is also referred to as erratic unemployment. It is a type of unemployment which occurs when workers are laid off in some economic activities which take place temporarily or in a short-time basis. These activities include agriculture, mining and tourism.</p> <p>Generally, the problem of unemployment can be solved through measures like diversification of the economy, establishment of irrigation and export promotion.</p>
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8 b)	<p>Economic crisis refers to the phase of a trade cycle in which there is a general decline in the whole economy. This is mainly featured by over-production of goods and services which exceeds people's demand. However, there are some of the factors that indicate that the economy is experiencing an economic crisis.</p> <p>The following are some of the indicators of economic crisis-</p> <p>Decline in purchasing power of the people. When the goods and services produced by firms in the country are not efficiently purchased, then it implies that the economy is experiencing an economic decline. Decline in the purchasing power may be influenced by factors like the decline in income among the people.</p> <p>Decline in investments in the country. When the investors / businessmen withdraw their investments from the country, then it implies that the economy is at a depression or crisis stage. Withdrawal of investments may be due to unfavourable investment environment.</p> <p>Fall in wages among the workers. When workers in the country are poorly paid, then it may imply that there is an economic slump or depression. The fall in the level of wages may be due to lack of sufficient demand for the products produced by the industry.</p> <p>Failure of financial institutions. Financial institutions like commercial <sup>banks</sup> may fail to provide credits to its customers due to the low saving capacity among the people. This therefore implies that the economy is facing an economic crisis. It may therefore result to the closure of banks.</p> <p>Decline in prices for the products produced. Prices in an economy may fall due to the fact that</p>	
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8 b)	most of the goods produced by the firms and industries are not efficiently demanded. Therefore, a decline in prices implies that there is an economic crisis.	
	Mass unemployment of people in the economy. As a result of fall in demand for the goods produced, people may end up being unemployed. If the fall in demand is caused by the decline in income among the people, then the economy is facing economic crisis.	
	Decline in production from the economic sector. Production from the firms and industries may totally decline due to the fall in demand for the products produced by the firm. This therefore indicates that, there is an economic crisis in the economy.	
	Generally, after economic crisis, the economy can improve through improving investment environment, promoting economic sectors and provision of 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 lucky 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 situation where by a people is able and willing to get jobs at a rolling wage rate but is voluntarily underutilized. Full employment is the situation where by the number of people who are able and willing to get jobs are employed. In the economy even if there is full employment there are unemployment which normally exists.
	The following are unemployment which normal exists even if there is full employment :-
	Unemployment of the home workers:-
	There are some people who doing the home activities, they are employed but the work that done is not which can fulfillly the capacity of his or her which is among of unemployment

8 @) which known as hidden unemployment and most of them their payment is low and the marginal 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 employed but it have professional to do some of the works this also is the unemployment.

Unemployment due to the 'Lucky' people :- also there are some people who are lucky can engage in different activities can get money and wants to live on their own while those activities are not respectively with their professional also this is unemployment.

Therefore those are the unemployment it occurs even if the economy is at full employment, but there is problem of full employment in our country which are quality of labour will decrease since one will not fair to loose the jobs because number of job vacancy are very high, also the decline in the quality of the products produced.

8. (b)	Economic refers to the science that deals with the human behaviour and the resources through the scarcity. The following are major indicators which signify Economic Crisis:-
	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 so as to satisfy his or her wants.
	Industries: Also is the place where the goods or items are been produced finally to transfer to the consumers where the consumption be available hence to use after be supplied from the area of production.
	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.
	Labour: Through the skilled and unskilled labour also may contribute high with provide the goods and services from one place to another when be needed jobs.
	Technology: As is the high needed applicable in economic activities when be production, distribution and consumption which leads high contribution in a country due to 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 be needed to the consumption due to the available of consumers and producers.

8'	(b)	Government policy: Such as peace and security may emphasise the economic crisis when the presence of high unemployment from the government hence to the consumers through the demand and supply of services and goods from the producers.	
		All in all, the economic may consider the production, distribution, consumption and so on which can be reflecting in the trade cycle from one stage to another such as boom, recession, recovery and slump through the monetary policy as well as the fiscal policy.	

Extract 8.2 is a sample of a poor response.

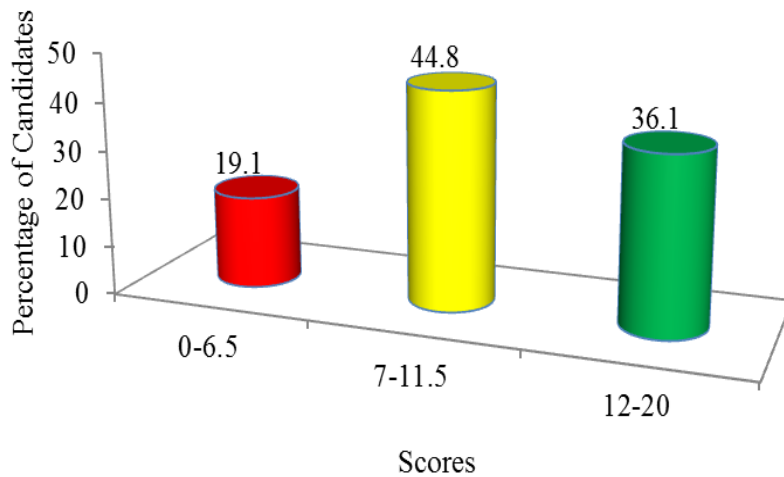
In this Extract a candidate who analysed wrong types of unemployment which normally exist even if the economy reaches full employment in part (a). He or she was also unable to discuss major indicators which signify economic crisis in part (b).

## 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) Given	
$S = -10 + 0.4Y_d$	
(i) MPC	
$S = -a + (1-b)Y \dots (i)$	
from the function,	
$S = -10 + 0.4Y_d$	
$Y_d = Y - T$	
$S = -10 + 0.4(Y - T)$	
$S = -10 + 0.4Y - 0.4T$	
$S = -10 - 0.4T + 0.4Y$	
$S = -(10 + 0.4T) + 0.4Y \dots (ii)$	
on comparing (i) and (ii)	
$1-b = 0.4$	
$b = 1 - 0.4$	
$b = 0.6$	
MPC = 0.6	
$\therefore$ Marginal Propensity to Consume is 0.6	
(ii) Investment multiplier = $\frac{1}{1-b}$	
$b = 0.6$	
Thus, I-Multiplier = $\frac{1}{1-0.6}$	
$= \frac{1}{0.4}$	
$= 2.5 \text{ times}$	
$\therefore$ Investment multiplier is 2.5 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 statistics in the economy.	
	Determination of the level of economic growth rate. By using national income statistics, it is easy to determine by how much, the economy of a country has fluctuated. This is determined by the Gross National Product (GNP), whereby as the GNP is high, the economy is experiencing a high level of economic growth, while when the GNP is low, the economy of a country is growing at a decreasing rate. Moreover, the living standards of individuals is determined by the level of per capita income. The level of living standard is also considered in the estimation of growth of the economy. This is the reason to why the level of economy of countries differ.	
	Determination of the rate of performance of each sector to the economy. The national income statistics help in knowing how much one sector of the economy has contributed to the national output. Basing on this, the output of each sector is determined. High output leads to high GNP, and low output leads to low GNP. Thus, a country may look at how much the agricultural and industrial sector contribute to the economy. If a sector produces high output, its contribution is high. For example, in many developed countries, industries have the highest contribution.	
	Determination of income and resource distribution. With the national income statistics, the government is able to know how much resources are available to one sector, and how many are available to another sector. With this, some sector contribute little to GNP due to low income and resources, than others. →	

1. b)	This becomes helpful to the government in knowing where to place its priorities and funds, so as to develop that sector. In most developing countries, much priority goes to the agricultural sector.
	Helpful in planning purposes. National income is helpful to the government in planning different projects for the further development of the economy. Different activities like provision of social services, as well as, maintaining law and order, contribute to economic growth. With the funds available, the government is able to increase the rate of these services, as well as implementing different projects like improving infrastructure, and improving industrialisation. Social services include health and education provision.
	Determination of level of welfare of the citizens in a country. The national income statistics are helpful in assessing the level of welfare of individuals. If the Total income is relatively high, then the level of welfare is also high, and when the National income is low, then welfare is low. Since the major determinants of National income include amount of natural resources, thus if are high, production may be high, thus increasing consumer freedom of choice, and due to high income, welfare is achieved.
	Budget planning. The national income is helpful in determining the estimates of the government revenues, as well as the government expenditures of each financial year. Thus, knowing these estimates of the previous financial year, is helpful in planning the budget of the coming financial year. A financial year begins on the 1 <sup>st</sup> of July, up to the 30 <sup>th</sup> of June. Planning a budget is done after determining

1(b)	all the projects, the government aims to do, thus sources	
	of attaining that budget are determined as well.	
	Economic instabilities and problems are	
	checked. The national income is helpful in knowing the	
	economic instabilities being faced in an economy, and is	
	able to find, possible measures to correct them. Usually,	
	problems like inflation and unemployment are faced in	
	an economy, whereby inflation causes the National income	
	to be higher than normal, due to consideration of	
	the nominal value and not the real value. Unemployment	
	causes low GNP. Thus, with knowledge on this	
	the government and economy at large is able to	
	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	a)	SB/M.
	(i)	
	Marginal propensity to Consume = $\Delta C$	
	where $C$ = Consumption, $Y$ = income. $\Delta Y$	
	but $Y = C + I$	
	Then $MPC = \frac{\Delta 10 + 0.4Y}{\Delta 10 + 0.2Y} = \frac{1}{2} + 0.5$	
	$= 0.5 + 1 = 1.5$	
	$\therefore$ Marginal propensity to consume is <del>0.5</del> 1.5	
	ii) Investment multiplier = $\frac{1}{MPC}$	
	$= \frac{1}{0.5} = 0.66$	
	$\therefore$ The investment multiplier is <del>0.66</del> 0.7	

<u>1</u>	b)	
		National income, this refers to the monetary value of goods and services produced in a country at a particular time.
		It has different methods such as income method, expenditure method and product method. The National income has different determinants such as level of investment, level of education, level of technology, availability of capital, availability of natural resources. Therefore, the following below are the importance of the national income statistics to an economy such as follows:
		It is an account of the economy. The national income acts as the account of the economy in which all expenditure activities and economic activities depend on the provision of the national income.
		Promote economic development. Due to the provision of national income, it has been developed in different economic sectors such as agriculture sector and industrial sector.
		Improve the provision of social services. Due to the high level of the national income, it leads to the improvement of the social services such as education, health, water and electricity supply.
		Promote the development of infrastructure and the other economic sector in the country. This is when the government started to construct the different infrastructure facilities such as roads, railways, telephone lines and the others.

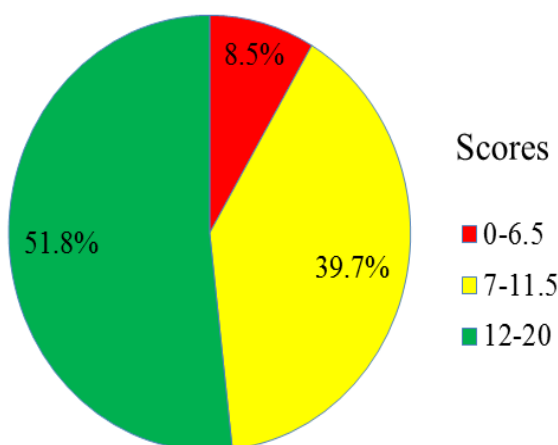
Extract 9.2 is a sample of a poor response.

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 providing such goods and services to its people, for the betterment of their welfare. Thus, government allocates resources in provision of public goods like security and in the provision of services like health and education. Such goods and services cannot be provided by the private sector to a large extent, since they aim at profit maximisation, rather than utility satisfaction. Although, some private sectors have established a number of schools, thus improving knowledge of the mass. The goods and services provided by the public, are free thus, satisfying many.	



2	(A)	Regulating economic activities. The government expenditure mainly aims at regulating some activities of the economy, so as to control their power, which may affect the welfare of the people. For instance in many developing countries, anti-monopoly policies are implemented so as to control the existence and formation of monopolies. Thus, the government provides subsidies to weak firms so as to be able to compete with the monopolies, and in the end, regulate their power. In Tanzania, several anti-monopoly policies and anti-merger policies have been formed and monopolies are nationalised.
		Allocation of resources. The expenditure of the government involves allocation 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 like infrastructure and industry development are vital to the growth of the economy, since these two influence each other a lot. Also, resources are allocated in terms of providing subsidies to the privileged like the low income earners.
		Economic stabilisation. The government expenditure aims at stabilising the economy. This is in form of controlling inflation and unemployment. Thus, the government may perform expenditures on provision of debit payments 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 inflation in the country. With this objective, as well as strategies, the economy is left well. →

2	(a)	Correcting Balance of Payment Deficit: The government expenditures aim at correcting the deficit balance of payment, where receipts are lower than payments to abroad. The government, thus performs different activities like reducing government expenditure on imports, and allocating funds to industries so as to promote production of goods, so that export exceeds import. With this, the deficit will be reduced. Also, funds on the establishment on import substitution industries and tariffs, are all done under the objective of government expenditure.
	(b)	The following are the canons of good taxation system in the economy.
		Equity: This means that, tax should be equally collected from taxpayers, in basis of their level of income. This is known as progressive tax system, whereby one pays as one earns. With respect to this, there are two forms of equitable tax collection. This includes horizontal equity, where people of the same income are taxed with the same amount, and vertical equity, where taxpayers of different income are taxed differently. However, this progressive form of tax is a source of discouragement to high income earners, since most of their income is highly taxed.
		Economy This states that, the tax collection expenditure, should not exceed the amount of revenue collected. It means that the expenses that are incurred by a tax collector, should not be higher than the actual revenue collected, thus if is not so, the taxation was uneconomical. In Tanzania, it is

2	<p>(b) seen that, the expenditure should be less than 5% of the total tax collected (revenue collected). Usually, many taxpayers in less developed economies face shortage of funds to meet their daily expenditures, thus are tempted to consume part of the revenue earned, and this brings about ineffectiveness of tax collection.</p> <p><u>Canon of Certainty</u>. This means that, a tax payer should be certain about the amount of tax one is paying, and the tax collector, should 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 payers do not have proper information on how much, as well as when to pay, thus causing problems. Certainty about the time and place should also be taken into consideration.</p> <p><u>Canon of Flexibility</u>. A good taxation system should be elastic, that is, it should be able to change in accordance to the situation of the economy at present. For instance, if the economy is experiencing a depression, the tax system should be in accord to the level of income earned at that situation, hence tax should be reduced. This is different from when the economy is experiencing a boom, whereby tax will be increased.</p> <p><u>Canon of Productivity</u>. A good taxation system should be productive in such a way that, the revenue earned should be used in activities that promote maximum welfare of the individuals in the nation. If tax obtained is left in the hands of the tax collectors, tax obtained will not be productive. Thus, tax obtained should be allocated to productive activities like the provision of social services like health, →</p>	
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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 canons 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(a)	Objectives of government expenditure	
	To ensure the welfare of the people.	
	The government spending in order to	
	ensure the welfare of the people. For example	
	spending on social activities such as education	
	Health, electricity and water supply.	
	Implementation of economic planning.	
	Also the government spend their money	

2(a)	for the implementation of various economic plan. for example development of industrial sector and agriculture sector Paying of debts. The government also spend their money for the paying country's debts. The country's debts forces government to spend.	
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2(b)	The cannons of good taxation include Economic development- good taxation leads to the improvement in the economy of the country due to that the government is able bring changes through the revenue it obtains Encourage working- good taxation encourage people to engage in various economic activities for the improvement of their living standard and the	
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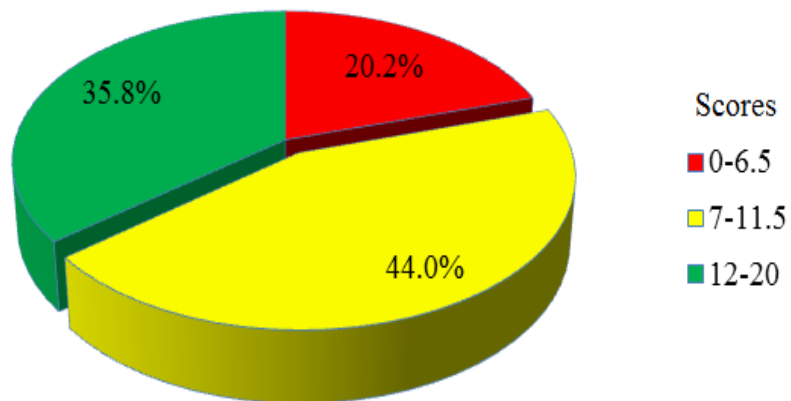
Extract 10.2 is a sample of a poor response.

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.

c3) a) The central bank has interfered hence credit creation is limited in commercial banks in Tanzania.

poor saving habit:- Most of people in Tanzania do not keep money in banks that it fails to ~~even~~ secure loans to banks because it does not use money in banks. hence that makes credit creation fail to operate especially in rural areas don't keep money at all in bank and some women use in ukoba. so due to that credit creation fails to operate accordingly to what the commercial banks wanted it to be.

Economic depression:- during economic depression due to unemployment, poor living standard of people, inflation and others people fail to secure loans because they don't save money so it becomes difficult for people to secure loans to the banks they fear to fail to return the loans and the interest rate and others but due to economic depression the process of credit creation fails to operate because of limitation of economic development.

c4) a) Bank of Tanzania (BOT) is the government financial institution established to control credit system in the country. the following are the functions of Bank of Tanzania which provide economic growth of the country.

3b/	<p>It issues currency: Bank of Tanzania is dealt with printing of notes and minting of coins and supplying to the public. It is only Bank of Tanzania that deals with the system of currency of the country. It is the only that prints money when a country has faced with deficit budget and other problems that surround the currency of the country. It supplies currency in the country by using commercial banks and other firms.</p> <p>Implementing monetary policy: Monetary policy is the policy <sup>the government</sup> through <del>central</del> central bank regulates money in circulation. aiming at achieving full employment and economic growth, aiming at ensuring equitable division of wealth, Achieving balance of payment by using different tools like Bank rate, special deposit, legal reserve requirement, open market operations, selective credit control and Moral suasion.</p> <p>Bank of the government: Bank of Tanzania is the bank of Tanzania. It utters all revenue of the government both internal and external sources of revenue like borrowings, fees, tax, grants and aids, Fines and others also. It advises the government in different ways also support the government in implementing monetary policy, stabilising the economy of the country, in controlling inflation, in providing employment.</p> <p>Bankers bank: It is the head of all banks in Tanzania like CRDB, NMB, NBS and others all commercial banks are supposed to open accounts in central banks so that they can get money to run their banks so that Bank of Tanzania does.</p>	
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3b/	<p>A last lender resort: Bank of Tanzania is the last lender resort and since all commercial banks have to open accounts in Bank of Tanzania so it where the commercial bank borrow money to run their banks. It is the only last place the commercial bank borrow money for doing different activities.</p>	
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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 credit creation of the commercial bank in Tanzania:	
		Low level of science and technology in Tanzania there is no advanced technology that can be used by in the process of credit creation in the commercial bank.	
		Lack of skilled and unskilled labour. in our country most of the people have no education so that concern with credit creation of the commercial bank so this factor limit this process of credit creation.	
		Financial constraint; there is not enough money to support the commercial bank in the process of credit creation. Hence financial constraint is a factor that limit the process of credit creation in commercial bank.	
		Political and social instability; when a country suffers from wars then this limit the process of credit creation of the commercial bank.	
		Poor government support, since the government do not support the commercial bank in the process of credit creation this will be a factor that limit them.	

03	5)	The following are the function of the bank of Tanzania which promote economic growth of the country:
		Provision of loans to people who are in need. Bank have provide enough support to the citizen since it provide money and you pay back according to the agreement made.
		Provision of employment; most of the banks in Tanzania have employe people such as security, accountant and other either your skilled or unskilled.
		Provision of security to the income of people in the country. Banks keep money for people and allow them to take them when they are in need.
		Increase in investment, since when the keep the money of people they do use them in other different sector so that they could make profit through invest those money in other activity such as agricultural activities.
		Provision of social services that are need by the people such as financial services when a person need money he or she can borrow from the bank.

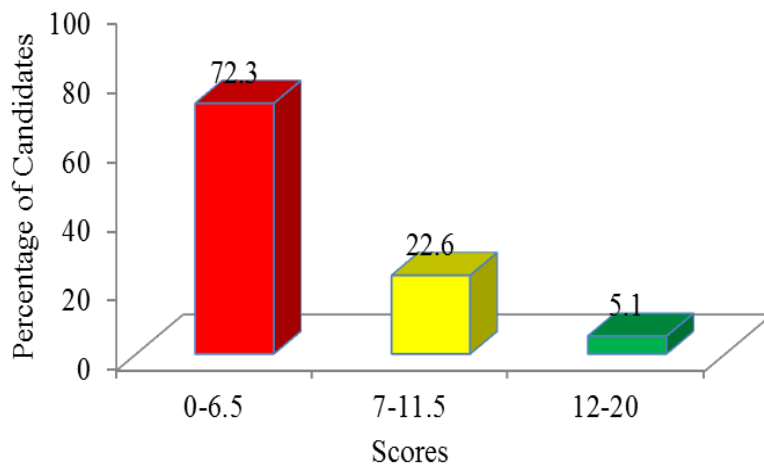
Extract 11.2 is a sample of a poor response.

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.	④ (i) Exchange control: that is the situation where by a country control the exchange and importation of harmful products in the country that help to make equal amount of goods imported and exported.	
	(ii) Foreign exchange reserves: Refers to the policy of exchanging different country currencies in equal value of the certain amount of money exchanged.	
4.⑤	- The followings are the main significance of foreign exchange reserves Ensure equal value of money exchanged: foreign exchange reserves ensures that money exchanged in balance without the interference of one type of money exchanged. Employment creation: foreign exchange reserves promote employment to the people who are involved in the process of exchanging money that help to increase the income of people and reduce rate of unemployment in the country. Promote international relationship: foreign exchange reserves enables the countries involved in exchange to promote understanding between them.	

4. (b) Increase liquidity in the flow of foreign currency; that is due to foreign exchange ~~market~~ ~~market~~ increase the amount of foreign currencies from the countries of the different areas.

e

4. (c) The followings are the objectives of the foreign exchange control system.  
Promotes international relationship: foreign exchange control promotes to international relationship since the money is exchanged equally according to its value of the money.

Facilitates buying and selling of money: foreign exchange control has the aim of facilitating the process of buying and selling of money through removing conditions that limit the money exchange control.

To create employment: the foreign exchange control system aimed at creating employment opportunities to the people who are involved in the process of money exchange control.

Storing value of money: that is the objective of foreign exchange control since the foreign exchange control is establishing for the aim of making money to store its value in any

4. (c)	Condition <del>where</del> whether there is increase or decrease in value of buying or selling order.	
	increasing value of buying and selling.	
	To promote continuous circulation of foreign currencies: foreign exchange control aimed to control or to ensure there is equal flow circulation of money of different countries.	
	Therefore, all about the objectives of foreign exchange control system.	

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.

4	a)	
	i.	Exchange Control refers to the policy introduced by the government through Central Bank aiming at controlling the exchange in one way in form of other countries' currencies for example Tanzania shillings with American dollars.
	ii.	foreign exchange reserves refers to the amount of money that are accumulated only to facilitate the exchange with other countries for example with china and Japan.
	b)	The following are the major significance of foreign exchange reserves;
		Facilitate easy transaction with foreign countries; since money is put available for any trade exchange to take place with foreign countries.
		Correct balance of payment deficit; If the countries will



4 Use her normal Currencies to trade with other Countries, it may lead to problem of deficit in balance of payment since will pay more than what she receive. therefore if there is foreign exchange reserve, it will pay the same.

Stabilise the Value of money; foreign reserves for exchange helps to increase the value of money in term of foreign exchange.

Promote Economic growth of the Country; due to the fact that foreign exchange reserves encourage trading in international trade hence favourable balance of payment which result into economic growth of the nation.

b) Foreign exchange Control system refers to the protection of domestic Currency against its fall in term of other Currencies during exchange. The following are the objective of foreign exchange Control system;

To correct balance of payment deficit; the government introduce the foreign exchange control so as to reduce deficit in balance of payment during international

4(b)onal trade.	
To protect domestic currency;	
also foreign exchange Control is	
introduced so as to protect domestic	
Currency from decline in term of	
other currencies.	
To protect domestic Industries;	
domestic Industries are encouraged	
by high exportation and less	
importation, therefore foreign exchange	
Control system increase the	
price of imports hence discourage	
importation of goods.	
To facilitate foreign Investment;	
for example when devaluation policy	
is introduced most of foreign investor	
comes to invest within the country	
hence stimulate production and an	
employment opportunities.	
To prevent economic instability	
problem; for example if import	
increase price for imported goods	
increase leading to inflation and	
also may destroy internal economy	
hence foreign exchange Control system	
prevent such economic instabilities	
such as deflation and inflation.	

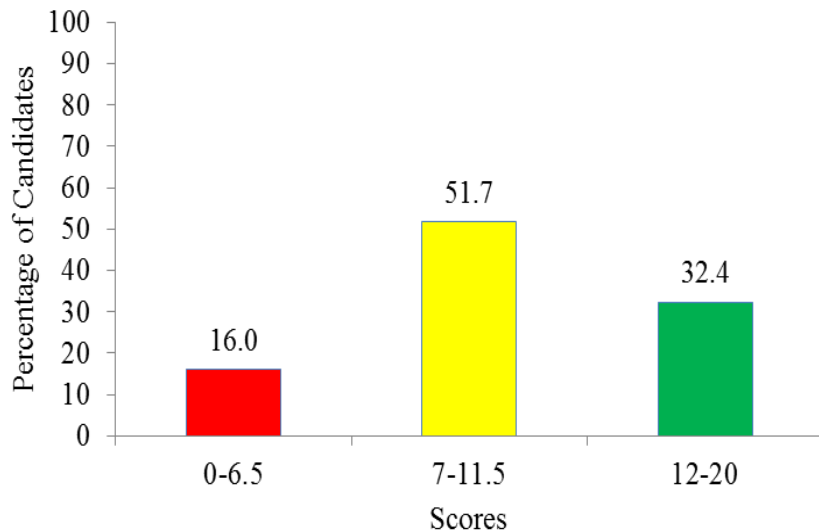
Extract 12.2 is a sample of a good response.

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.

5(b)	<p>Planning, Is a set of different goals formulated by the government or private sectors to achieve in social, political and economic issues.</p> <p>The following are the importance of planning in bringing proper allocation of resources in the economy.</p> <p>Stimulate economic stability: Planning of a government or private individual brings about the establishment of economic growth through enhancement of economic diversification like industrial, agriculture and mining activities.</p> <p>Equitable distribution of wealth: The planning help the wealth of the resources available to be beneficial to everybody through building the public goods and capital goods used to invest in roads, railway and other sectors.</p> <p>It encourage capital formation: Means that planning enable capital formation through improving peace and security of the country, increase the rate of saving and increase large number of financial institutions.</p> <p>It enable favourable terms of trade: Planning leads to favourable terms of trade which conduct for equal balance of payment and improves the restrictions which lead to increase import earning in a country.</p> <p>Stimulate the high rate of employment opportunities: Many employees tends to get job and rise their living condition through well planning done in order to reduce the rate of unemployed gap of people.</p> <p>It reduce stiff competition on production: The planning leads to stabilize the economic activities which leads to reduce the competition among the firms.</p>
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5(b) Producers of Products and service	
It enable to control the Inflation. The Planning leads to control the Inflation in order to encourage the stable living cost in goods and services.	
It encourage effectively the uses of the resource. The Planning it encourage the resources allocated should be done effectively in order to avoid the wastage of the resources during conclusion the implementation of goods and services.	
Generally, The Planning also faced with different problems. For example Lack of capital, Price fluctuation, Lack of trained personnel and Presence of other private sectors.	
5(a)(i) Consumer Planning.	
Is a Planning in which consumer plan on how to fulfil the availability of enough basic needs like food, shelter and clothes by considering the its income owned while.	
Producer Planning	
Is a Planning in which a producer consider on how to produce, what to produce and for whom to produce in order to fill the gap between consumer and producers.	
(ii) Partial Planning;	
Is a type of Planning in which the government covers one sector and achieve more in strategies such as in Industrial sector only.	
while	
Comprehensive Planning;	
Is a Planning where by all sectors are achieved in social, political and economic. For example Health sector.	

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.

5. (i) Consumer planning are goals which made by consumer in purchasing high quality and quantity of production that produced by a firm/producer in low amount example A consumer goes to purchase Television at Kmartco while the price of Television is 500,000 but holder want to buy 450,000/- its consumer planning bargaining Power while.	
Producer Planning are goals of a producer of a certain production is to maximize profit by increase the price level of the production or increase per price discrimination in order to increase profit example. the producer sells the same product in different price level in order to increase and maximize profit.	
(ii) Partial Planning are the planning of certain government in a country in improving one economic sector to be the main economic sector of a country example Industrial sector to become main sector that government depend in economic development while. Comprehensive planning are goals that generated by the government of certain country in gaining economic of nation by improving	

Small sectors within the country sectors like Agriculture,	
Industries, Transport and Communication, Mining all are in the	
same level	

5.	(b)	
	planning; is the process of making decision	
	in order to reach the certain intended goal or	
	objectives. The following are the importance of	
	planning in bringing proper allocation of resources in	
	the economy.	
	It helps in identifying different econo	
	mic problem; through the use of planning machinery	
	hence it enables proper allocation of resources in	
	the economy.	
	It helps in the systematic co-ordina	
	tion; through planning different sectors are involve	
	d in order to carry out the plan and hence it	
	enables the proper allocation of resource.	
	Helps or makes easy to identify the	
	period of the plan; it enables to know how long	
	time the plan will take in order to allocate the	
	resources.	
	Helps to know the intended object	
	ives and goals; through planning it is easy to know	
	the objectives and goal of the intended plan and	
	hence help easily allocation of resource.	
	Helps to identify the target of	
	the plan; through planning it is easy to know	
	what is the target of the plan and be able	
	to work on it.	
	Helps in regulation and control; that	
	planning helps to make <del>reg</del> laws that must be	
	followed for example protection policy in order to	
	be able to make easily the allocation of resource.	
	It helps in evaluation; planning	
	it is also important in evaluation hence 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.

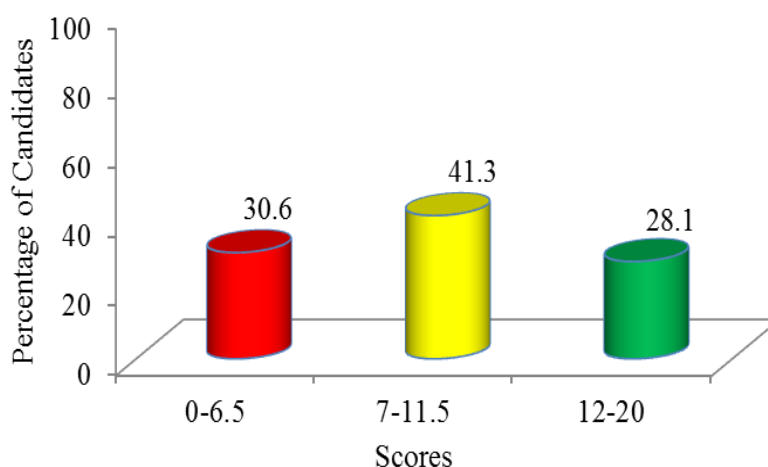


Figure 14: *Candidates' Performance in Question 6.*

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.	<p>Q. Cooperatives Societies these are group of people in the society join together with the aim of conducting a certain activity towards social welfare and the society. The following are the problems facing Cooperative Society.</p> <p>Weak Support Infrastructure. Cooperative Society face the problem of poor infrastructure such as roads in conducting their different activities in their corporation. Most of these cooperative are small cooperatives found in rural areas they face this difficulties.</p> <p>Shortage of storage facilities. Cooperatives societies they do lack storage facilities to store their products obtained from agriculture or any activities. Most of cooperatives they do not have large storage facilities to store their products and its a challenge to them.</p> <p>Stiff Competition. Cooperative society face problem of stiff and high competition from private sector or individual. For instance Private Coop buyers their presence limit the strength of Cooperative society.</p> <p>Low level of education and training. Cooperative societies most of the members they have low education qualification and thus their principle is any member can come and join in their group but this is a problem since low level of education is considered.</p> <p>Shortage of funds or Lack of funds. Cooperative society they do not have enough funds to ensure it is proper operation of their activities and also to enable them to expand their group and hence becomes a problem to them.</p> <p>Lack of trained personell. The cooperative societies they don't have a well trained personell to control the managerial issues or activities in their group hence poor management function is obtained from its activities.</p>	
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6.	(a)	Conclusion: The problems facing cooperatives society can be solved by having well managerial personnel, provision of credits to them and adequate funds should be provided by the member	
	(b)	The following are the principles of Cooperative Society	
		Open and Voluntary membership. One of the main principle of Cooperative Society is this open and voluntary membership. This means that the cooperative society is open to any person who has willing and wish voluntarily to join in the cooperative society. So any one can come and join cooperative society.	
		Democracy. Another principle of Cooperative Society is Democracy, in this democracy means there is equal chance for a member to vote and to be voted, They have the slogan of One man One vote where by this slogan leads to the democracy in the Cooperative society	
		Education and Training. Another principle is education and training where by education is provided among members in the cooperative society. Therefore it is a principle of Cooperative Society to provide education and training to each member among themselves.	
		Cooperation with other cooperatives. Cooperative Societies has a principle of Cooperation that members ensure cooperation with other cooperatives Society in the country. They will be joining together in different Cooperative activities hence building the sense of 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.

6. a. Cooperative Societies in Developing -  
countries like Tanzania. This refers to the member -  
state where by they join together for the purpose  
of to produce commodities with equality and quantity  
so as to earn profit gain. for example EAC, SADC.  
The following are the Major problems facing  
Cooperative Societies in Developing Countries like  
Tanzania which are like.

Different in Currencies. This refers to  
the source of money used by the member state their  
differ so they can not be used as a medium of  
exchange in a specific country they join. for example  
Tanzania they use Shillings, and Kenya another  
currency, differ from Shillings.

Different in language use. This refers  
to the different of language used as a medium  
of communication where by may cause some technological  
knowledge can not be transfer from one member to  
another. for example Tanzanians people they use Kiswahili  
while Kenya and Southern Africa they use English  
language as a medium of communication.

Political instability. This refers to the  
situation where by the area may have no peace  
and security where by may cause the member  
state to do not join to earn profit for their economy.  
for example wars in Burundi, Conflicts, Earthquake  
in Tanzania, drought, floods.

Inadequate of funds or Capital. This  
refers to the total amount of income where by it  
can be used in Buy Machines, payment wage to  
workers, payment of tax and rent. where by when  
the member state have no enough funds then the

Qc	- the cooperation will decline from higher stage towards lower stages.	
	Lack of good Infrastructures. This refers to the poor Transport and Communication Construction where by may cause the cooperative state to fail in their planning. for example Roads, Railways, pipe lines, Telephone networks.	
	Different in gains. This refers to the situation where by due to the different in the Technological knowledge used in production may cause differ in benefits. for example the Technological used by the Tanzania is differ to Kenya then the gains will be differ also.	
	Therefore Those are the Major problems facing Cooperative Societies in Developing Countries like Tanzania. Solution to solve must be Common currency, adequate of capital, political stability, Common language.	
Qd	The following are the main principles of Cooperative Societies which are like as follows.	
	Free Trade. This refers to the completely remove of the barriers among the Member state so as they can trade freely and earn more profit in their state specifically.	
	Customs duties. This refers to the removal of barriers among the member state but the in another state as a non member of the state must be imposed barriers can be payed.	
	Economic duties. This refers to the - Free transfer of the Commodities from one state to	

66	- another state - for example can be joined through construction of roads, railways, pipe lines for transport of items.	
	Monetary factor facilities. This refers to the situation where by the member state must have common currency which can be used as a - medium of exchange within a join economic integration.	
	By Summing Up " Those were the Principles of Cooperatives societies So as to be - achieved and gain profit for their beneficial economy 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.

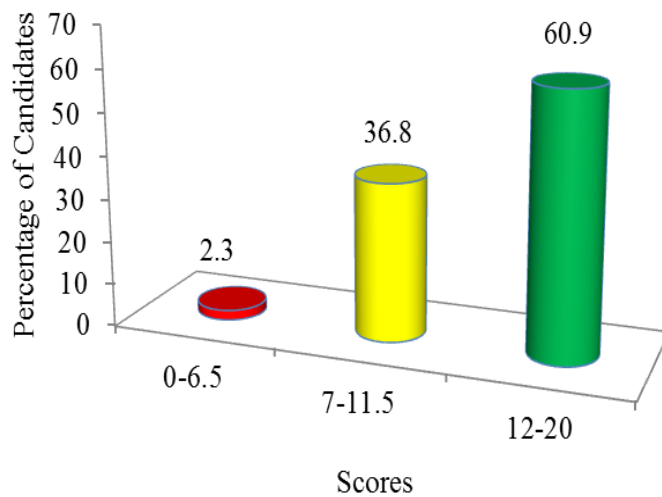


Figure 15: *Candidates' Performance in Question 7.*

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.		
a)	Industrial sector is among of major sectors in most countries. It deals with changing of Raw materials into finished products. Industrial sector has great importance in the economy of any country. It may also lead to development of other sectors.	
	The following are Roles of the Industrial Sector in growth of Agricultural sector.	
	Supply inputs to Agricultural sector - Industrial Sector supply inputs to the Agricultural sectors by providing tools and Equipment which are used in Agriculture. Also it provides machine which lead to the Mechanization of Agriculture sector.	
	Act as market for Agricultural products - Industrial Sector need Raw materials from Agricultural sector in the process of production. So when they supply Raw materials to the industrial sector, The sector act as market for Agricultural products.	
	Stabilize price for Agricultural products - By buying the raw materials from Agricultural sector, Industrial Sector help in stabilizing the price of this product. So they help in eliminating unnecessary fluctuation of price of Agricultural products.	
	Adds value on Agricultural product - Also the industrial sector has a great role in adding the value of the Agricultural products this is buying them frequently they help in <sup>adding the value</sup> <del>stabilizing the price</del> and hence development of Agricultural sector.	
	All in all; The following were the roles of Industrial Sector in the growth of Agricultural sector.	



7 b)	Industrial sector is the secondary sector in our country and it provide 10% of employment opportunities. And also it contributes about 20% on the Gross domestic product.
	The following are the problems facing industrial sector in Tanzania.
	Inadequate capital - This sector needs a lot of fund to finance its activities. Industrial sector needs capital to buy machines and employ other resources. So when it is inadequate it will lead to fail to monitor its activities and hence it will be unsuccessful in Tanzania.
	Poor management - Also management is the most important thing in allocating resources in this sector. So in Tanzania there is poor management in this sector which may lead to improper utilization of resources and this will make this sector unsuccessful.
	Poor technology - In less developing countries like Tanzania the technology used in this sector is very poor and this will make this sector inefficient by producing low quality products and also at low output. And this will make the industrial sector unsuccessful.
	Poor infrastructure - The movement of raw materials to the industry and goods to the market is facilitated by good infrastructure. So when there is poor infrastructure it will hinder the movement of raw materials and goods to the market.
	Weak internal and external market size - Industrial products need market in order to make the industry develop. So when this products of industry have weak internal and external market, it will hinder the development of 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)	Industrial sector / is a sector	
	which is dealing with processing and manufacture of commodities. Economic development is quantitative and qualitative improve in the economy of a country. The following is the truth about the statement that "Industrial is the key for economic development of many developed countries"	
	Employment, industrial sector is a key for economic development of developed countries where by it provides employment opportunities to the people like clerks, doctors, accountants who contribute to the industrial sector results to economic development in developed countries.	
	Development of infrastructure, also this is another truth about industrial sector to be a key factor for economic development in developed countries. Developed countries like USA, their infrastructures like roads, railways and ports are developed due to industrial sector where by these roads, railways and ports are constructed to the areas where industries are available hence makes industries to be the key for economic development in developed countries.	

7 (b)	It led to development of science and technology, also industrial sector is a key for economic development of many developed countries since it facilitates the development of science and technology. Industries of countries like USA, Britain enable the manufacturing of computers here contributes to economic development to <sup>many</sup> developed countries.
	It facilitates development of trade, also industrial sector in developed countries like France, Russia, Britain, USA enable the development of trade through the goods produced by them like cars, mobile phones and computers which enable a country to trade with other nations hence leads results to economic development.
	It enable growth of investment, industrial sector in developing sectors enable the growth of investment. This is due to capital accumulated from trade by these industrial also by people employed and owners of the industries. Also countries like USA and Britain invest in different areas like agriculture and mining here <sup>economic</sup> development in many developed countries.
	It enable markets for agricultural products, also industrial sector is true that is a key for economic development of many developed countries. Industrial sector becomes a markets of agricultural products like cotton and minerals to developed countries like USA, Britain and Russia where they have

7 (b)	leads to the development economically for the above developed countries.
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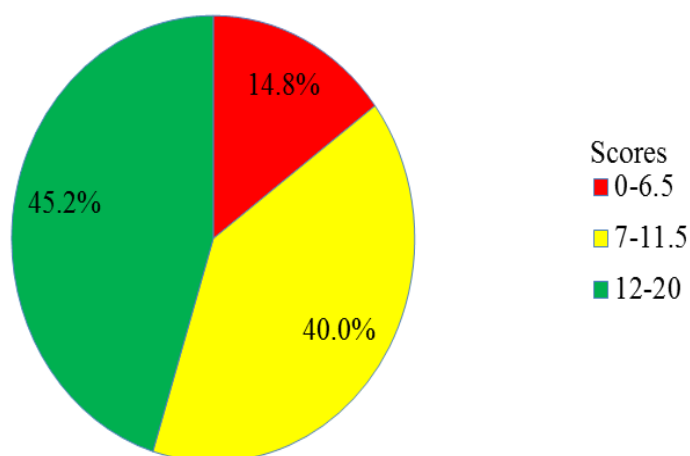
Extract 15.2 is a sample of a poor response.

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.

Q.	The determinants of economic growth, include the following:-	
	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. This will lead to effective utilisation of resources leading to high output of goods and services due to the efficiency of the technology used.	
	The size and nature of the labour force in the economy. An economy with a large labour force, which is skilled will lead to the effective utilisation of resources when the labour force is employed in different sectors of the economy, thus leading to the increase in output. Contrary when the labour force is small and unskilled, as it leads to low economic growth.	
	The stock of capital goods existing in the economy. If the stock of capital goods in terms of buildings, factories, machines and others, is high in the economy will lead to the increase in production which leads to high output thus stimulating economic growth. Contrary when the stock of capital goods is small it will lead to slow economic growth.	

8. @ The availability and the exploitation of natural resources in the country. If natural resources in terms of the free gift of nature such as land, forests, water sources and minerals are present in large quantities and they are exploited intensively output in the economy will increase leading to the growth of the economy. While when natural resources are available in less quantities, and less exploited economic growth will be retarded.

The presence of political stability in the country also determines the economic growth. The presence of political stability creates a conducive environment for the establishment of different economic businesses due to the absence of chaos or wars brought by political instability, also it encourages more investments by both the domestic and foreign investors. This is due to assured security which increases the investors' confidence to invest, thus increasing economic growth.

Lastly, the size of the market and the rate of population growth and composition of the population. When the size of the market is large in terms of large numbers of consumers who can buy the goods produced, this stimulates an increase in production and further investments hence economic growth. While when the population growth rate is moderate with a high number of economically active people, economic growth will be stimulated due to the availability of resources and labour.

8.	<p>(i) Technological dependence refers to the dependence of one country on technical assistance and experts from other countries in order to carry out its different economic projects. It mainly involve also machines and technical know-how from other countries.</p> <p>While;</p> <p>Trade dependence refers to the situation whereby a country depends on international trade to promote its different economic activities. Thus, countries largely depend on the exportation of their goods to foreign exchange and the importation of goods from other countries for economic development.</p> <p>(ii) Political dependence refers to the situation in which a country depends on another country in terms of making political decisions which determines her political affairs or when a country's political decisions are determined by international organization and regional integration.</p> <p>While;</p> <p>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 and society projects, also supplementing their budgets.</p>	
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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.



i) Technological dependence is the tendency of depending technologically to the production process while trade dependence is the one which depends trade on the creation or generation of the income. Technological dependency depends on various technological output which increases the rate of income generation which trade dependence depends much on exchange matters.

ii) Political dependence is the one in which political means are the ones 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 means of production or conducting other productive activities.

@ Economic growth is the increase of the economy level from low state to high state. There are various determinants of economic growth such as:-

Per-capital income: The income earned per annum is ~~regard~~ considered to determine the level of the economy, if the per-capital income is high then the economy grows and vice versa.

National income: The level of the national income is also regarded as the determinant of the economy growth, thus when the national income is high then the economy growth is at ~~high~~ standard meaning it grows while when it is low then no economy growth there.

	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 is not affordable	
	to employ effective technology such as Tanzania	
	the economy is low.	
	Money value; When the money value	
	is high then the economic status is said to	
	be high for example USA but when the money	
	value is low then the economic status also	
	tends to be low for example Tanzania.	
	Poverty rate; High poverty rate shows	
	that low economic growth but low poverty	
	rate shows high economic growth since in	
	high poverty rate there is low production	
	while in low poverty rate has vice versa effect.	

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 questions	% of candidates who scored the average of 35 or 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**

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

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

