

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

151/2

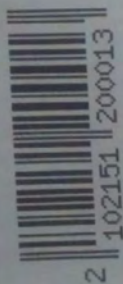
ECONOMICS 2
(For Both School and Private Candidates)

Time: 3 Hours

Year : 2021

Instructions

1. This paper consists of sections A, B and C with a total of **eight (8)** questions.
2. Answer **all** questions in section A and **two (2)** questions from each of sections B and C.
3. Section A carries **twenty (20)** marks and sections B and C carry **forty (40)** marks each.
4. Nonprogrammable calculators may be used.
5. All communication devices and any unauthorised materials are **not** allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

- Foreign aid may contribute in developing the economies of the poor countries. Briefly describe the main five forms of the foreign aid received by the recipient countries from donor countries.
- The member states in regional integration help each other to enjoy the economies of scale and improve production in the region. In this view, evaluate five benefits which can be enjoyed by the member states through economic integration.

SECTION B (40 Marks)

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

- (a) Calculate changes in consumption and savings and fill blank spaces in the table.

Year	Disposable Income (DY)	Consumption (C)	Savings (S)	Change in Consumption (ΔC)	Change in Savings (ΔS)
1990	90,000	80,000	10,000	.....	.....
1991	82,000	72,000	10,000	.....	.....
1992	170,000	150,000	20,000	.....	.....
1993	260,000	230,000	30,000	.....	.....
1994	350,000	310,000	40,000	.....	.....

- (b) Basing on the information in the table, elaborate five determinants of consumption.

- Study the data in the following table and answer the questions that follow:

Persons	New Deposits	Cash Ratio	New Loans
A	1,000	200	800
B	800	160	640
C	640	128	512
D	512	102.40	409.60

- (a) Based on the information given in the table, explain the stages in the process of credit creation.
- (b) Analyse seven factors which influence the process of credit creation in the developing countries like Tanzania.

5. Study the data given in the following table and answer the questions that follow:

Commodities	1994	1995
Exports		
Goods	100,000,000	50,000,000
Services	50,000,000	180,000,000
Imports		
Goods	90,000,000	120
Services	150,000,000	100,000,000
Transfers		
To the country	5,000,000	20,000,000
From the country	10,000,000	10,000,000
Capital flows		
Inflow	20,000,000	350,000
Outflow	30,000,000	40,000,000

- Calculate the visible balance for both years and interpret your answer.
- Calculate the invisible balance for both years.
- Give three examples of invisible trade.
- Calculate the net capital inflow for both years and give an example of capital flows.
- Determine the net transfer and give examples of transfers.
- Calculate the current balance.
- Is it always the case that balance of payments accounts must balance? Give a reason for your answer.

SECTION C (40 Marks)

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

- Analyse six factors which must be considered when choosing a mode of transporting goods.
- "Public borrowing is a source of government revenue for spending on infrastructure and investment." Justify this contention by giving six roles played by borrowed funds in the economic development of the developing countries like Tanzania.
- "Poor infrastructure is one of the major factors which act as a stumbling block in the improvement of the agricultural sector in the Tanzanian economy." Argue for this contention by giving six points.