THE PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM SIX COMPETENCE EXAMINATIONS (FOSCE) -2025

CODE: 151/1 **ECONOMICS 1**

TIME: 3 HOURS **19th FEBRUARY 2025, PM**

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 sections **B** and **C.**
3. Section **A** carries **twenty (20)** marks and sections **B** and **C** carry **forty (40)** marks each.
4. Non programmable calculators may be used.
5. All communication devices and any unauthorized materials are not allowed in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s)

SECTION A

Answer **all questions** from this section

1. Economics is concerned only with goods which have exchange value. Explain five (5) attributes such goods must possess.

2. Most sellers prefer to compete in the market by changing the price of their goods with the belief that they will win the market share than their rivals. Suggest five (5) other methods that can enable them to win the market share of their products.

SECTION B

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

3. (a) What will be the effect on the price of coffee if:
   i. The price of tea rises.
   ii. There is bad weather condition on production of coffee.
   iii. There is an increased demand for cocoa.
   iv. A new beverage is put on the market and sells in large quantities.
   v. Increase in price of tomatoes.

   (b) Studies in Tanzania indicate that a 25 percent change in price brings about 80 percent change in quantity demanded of maize. Compute: -
   i. Price elasticity of demand for maize in this country.
   ii. Give out economic interpretation for the answer obtained in (i) above.
   iii. Briefly explain three (3) uses of the concept of price elasticity of demand.

4. You are given the following total Revenue and total Costs functions:

$$TR = 45Q - 0.5Q^2$$

$$TC = Q^3 - 39.5Q^2 + 120Q + 150$$

Where: TR = Total revenue

TC = Total cost

Q = Quantity of Output

Required:

a) By showing both necessary and sufficient conditions, calculate the level of output which maximizes Profit.

b) Calculate TFC and AVC functions.

c) What kind of market structure under which the firm operates? Give reason for your answer.

d) Calculate the level of output at which average cost is minimum.

e) Determine the type of profit this firm obtains.

5. (a) Briefly explain four (4) factors that determine strength of trade union.

(b) You are given the following average product function as $AP = 600L - L^2$.

Calculate,

i) Amount of labour employed when total products is at maximum and its corresponding Output.

ii) The amount of labour employed when AP is at maximum and the corresponding Output.

iii) The amount of labour to be employed when marginal products is at maximum.

SECTION C

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

6. In most of least developing countries unemployment is a serious problem. What are the factors that contribute to high unemployment rate in these countries? Use six (6) points.

7. Explain six (6) negative impacts of over population to the economy.

8. Inflation has both negative and positive impacts to the society, Explain three points in each case.