THE PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM SIX COMPETENCE EXAMINATIONS (FOSCE) - 2025

CODE: 151/2 **ECONOMICS 2**

TIME: 3 HOURS **25TH 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. Examine five (5) advantages of private crop buyers in an economy.
2. Give out five (5) negative consequences of economic growth in an economy.

SECTION B

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

3. (a) Evaluate five (05) ways that should be adopted by any government to increase the size of its national income.

   (b) Given the consumption function C = a + by and Y = C+I, derive the simple investment multiplier.

   (c) Consider the economy that produces and consumes burger and Computer.

Prices/ Quantities	**Year 2020**	**Year 2024**
Prices of computers	500,000	600,000
Prices of burger	1,000	1,500
Number of computers	100	120
Number of burgers produced	500,000	400,000

Using year 2020 as a base year compute the following for each year.

   i. Nominal GDP

   ii. Real GDP

4. (a) What is tax system? With illustrations, describe the three tax systems.

   (b) Account for ever-growing public expenditures in the economies of developing countries like Tanzania. Give five (5) points.

5. (a) Consider the following information of country X's economy.

Receipts: Values (in million Tshs)		**Payments: Values (in million Tshs)**	
Export of goods	500	Import of goods	560
Export of services	420	Import of services	400
Transfer receipts	300	Transfer payments	350
Foreign borrowings	750	Lending to foreign countries	610
Foreign direct investments	320	Overseas investments	170

Required:

i. Determine visible balance
ii. Determine invisible balance
iii. Calculate balance on current account
iv. Calculate overall balance of payment
v. Comment on the answer in (iv) above

(b) Many countries in the world today strive to eliminate barriers in international trade. Provide five (5) arguments against this move with regards to Tanzania economy.

SECTION C

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

6. Although planning has been almost universally adopted but the development plans have not invariably been successful. Substantiate with six (06) points

7. Describe six (6) major features of economic union as one of the stages of economic integration.

8. Explain with six (6) points on how the central bank acts as international agency of the country.