THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE,

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

NJOMBE REGION

UHURU NA UMOJA

FORM SIX PRE – NATIONAL EXAMINATION

CODE: 151/1 **ECONOMICS 1**

(For Both School and Private Candidates)

TIME: 03: 00 HOURS **TUESDAY, 12TH March 2024 A.M**

INSTRUCTIONS.

1. This paper consists of section **A, B** and **C** with total of eight **(8)** questions
2. Answer **six (6)** questions in a total
3. Answer all questions in section A, **two (2)** questions from section B and **two (2)** questions from section C.
4. Each question in section A carries **ten (10) marks** whereas questions in section B and C each carries **twenty (20) marks.**
5. Mathematical table and non – programmable calculator may be used.
6. Cellular phones are not allowed in the examination room
7. Write your Examination Number on every page of answer booklet(s) provided.

SECTION A

1. (a) Irving fisher equation of money described the relationship between Country's stock of money and the value of that money in the economy. Explain the equation and its parameters.
   (b) Keynesian divided the demand for money into three types, explain shorty

2. Public sectors and Private sectors are the main form of economic systems in the world, which are defers in their operation. In reality, all economies are mixed to some degree but very in their extent to which the Government intervenes. Substantiate this statement by giving five (5) points

SECTION B: (40 Marks)

Answer any two questions from this section

3. (a) Given the two demand and supply equations

   $Q^d = a - bp. \quad b < 0$

   $Q^s = C + dp \quad d > 0$

   Then:

   i) Determine the equilibrium price and quantity

   ii) Then confirm that quantity demanded (Q^d) is equal to quantity supplied (Q^s) by showing the solutions.

   (b) Consider the market described as the following equations

   $$P = \frac{-Q}{2} + 50$$

   $$P = \frac{Q}{4} - 1$$

   Require:

   i) Which equation is demand and supply function? Give one reasons for each.

   ii) Determine the equilibrium price and quantity

4. (a) Mr. Massawe has invested in Agricultural product such as maize and sales his products where price is constant, many buyers and sellers, high competition in short time earned super normal profit and then re-invested the profit earned in the similar business like what he used to do before but after sales, the total sales was equal to costs. As a student of economics, illustrate the two scenarios of Mr Massawe.

   (b) $Given\ that: TC = Q^2 - 29.5Q^2 + 115Q + 120$

   $\qquad\qquad\qquad AR = 65 - 1.5Q$

   i) Derive the profit equation in term of Q

   ii) Determine the level of output that maximizes profit given that the second order conditions for profit maximisation hold

   iii) Determine the total fixed cost, total variable cost

5. (a)(i) Using the table below compute wholesale price index for Rice, bean, meat and groundnuts by using simple average mean of relative method in 1976 where as the year end 1970 is the reference year. Comment on your answer.

Commodity	Unit	Price 1970	1976
Rice	1	2.00	3.50
Bean	1	1.00	4.00
Meat	1	5.00	7.00
Banana	1	15.00	10.00
Groundnuts	1	10.00	30.00
	5kg	33.00	54.50

(ii) Give one advantage and one disadvantage of this method.

b. The National Bureau of statistics identifying which goods and services a typical consumer his or her money can buy, but in computing the price index one may encounter some difficulties. Regardless of these difficulties, there are some utilities. Comments on the later by giving five (5) points.

SECTION C: (20 Marks)

6. Job loser are individuals waiting to be recalled to a job from which they had been laid off previously, job leavers are individuals who voluntarily left their jobs, Entrants are individuals who just completed school on university and entered the labour market. However, in the eyes of economic views all of these are of the same. Analyse eight points that makes individuals to be seen in the view like that in the economy.

7. Why economy of the Countries are not static in nature? (give six 6 point)

8. "The study of population is of great importance to different professionals" Discuss this quotation focusing on your side as an economist. Give six (6) points.