TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL

FORM SIX INTER ISLAMIC MOCK EXAMINATION

151/2

ECONOMICS 2

(For both School and Private candidates)

Time: 3 Hours — Friday 8th March, 2024 p.m.

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 marks each.
4. Non-programmable calculators may be used.
5. Cellular phones 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 (20 Marks)

Answer **all** questions in this section

1. “In order to achieve economic growth, Tanzania has to promote social, economic and political policies.” Point out five (5) policies in regard to this statement.

2. “For a planning process to be effective and easily conducted, it must follow certain conditions.” With six (6) points justify this statement

SECTION B (40 Marks)

Answer only **two (2)** questions

3. (a) Given the hypothetical economy of country X, with the following national income identities;

   Consumption function (C) = 200 + 0.8Y

   Planned investment (I) = 400

   Compute:

   (i) Saving function

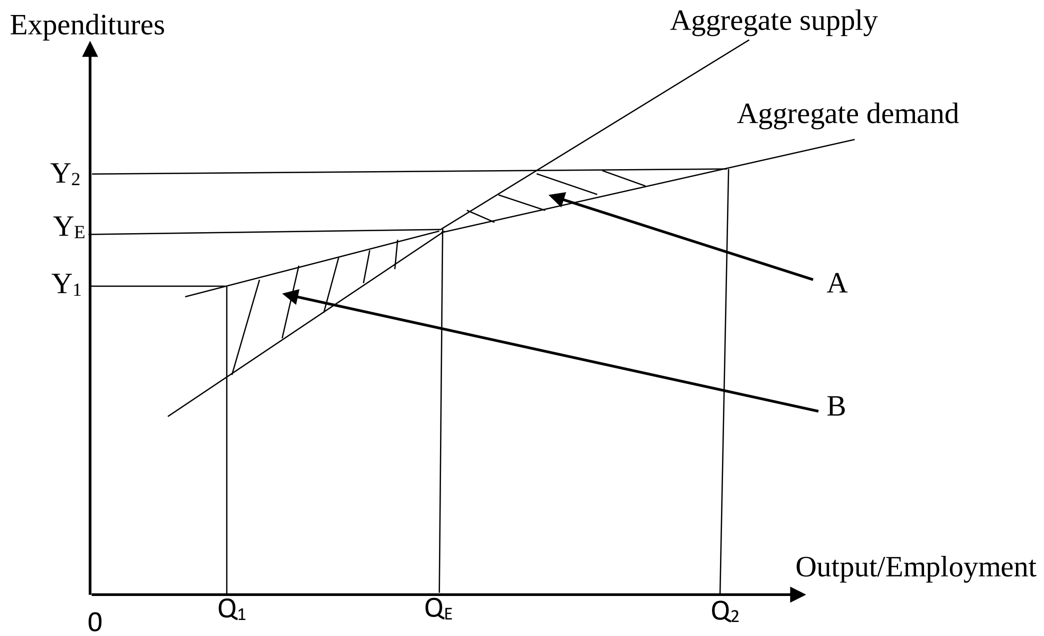
   (ii) Equilibrium national income

   (iii) Investment multiplier

   (iv) Amount of consumption at equilibrium income

   (v) New level of national income when planned investment level increased by 100

   (b) Carefully study the diagram below showing equilibrium level of national income and then answer the questions that follow:



   (i) Identify the situation labeled **A** and **B** and then explain how to they occur.

   (ii) How the situation you have identified in b(i) above can be closed? (Give three (3) points for each).

4. (a) Why the bank of Tanzania is the hub of banking sector in the country?

   (b) Highlight four (4) assumptions of credit creations.

   (c) Given a cash-reserve ratio 20%, and the deposit is fixed at 1,000,000/=. Calculate credit created.

5. (a) Study the table below and answer the questions that follow:

INPUTS OF LABOUR REQUIRED PER OUTPUT

Commodity	**Country A**	**Country B**
Food	2	1
Manufactures	3	2

   (i) Which country has absolute advantages in production of food and manufactures? (Give a reason)
   (ii) Use the concept of opportunity cost to show which country has a comparative advantages in production of food and manufactures. (Give reasons to each)

   (b) Balance of payments deficit is the one of the problems facing most of the developing countries. Explain four (4) ways on how this problem can be solved.

SECTION C (40 Marks)

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

6. Government is responsible for providing collective services to the community but recently general public expenditure has increased. As a young economist examine six (6) reasons behind this situation.

7. "Private crop buyers play significant role in the Tanzania economy." Critically discuss this contention showing four (4) benefits and four (4) risks/disadvantages of private crop buyers in Tanzania.

8. Industrialization in Tanzania is a propaganda of politicians. As a form six economics student, what are you advising the government for the success of this policy? (Six (6) points).

Wabillah Tawfiq