# TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL
## FORM SIX INTER ISLAMIC MOCK EXAMINATION
## ECONOMICS 1
## MAKING SCHEME
**(For Both School and Private Candidates)**

**151/1**

**2026**

1. Barriers for occupational mobility of labour
   a) Trade union and professional restrictions
   b) Limitation of skills and natural abilities
   c) Time required for training a certain type of labour
   d) Discrimination such as race, sex, religion etc.
   e) Low wages/salaries discourage people to move to those professionals e.g. Teaching.
   f) Ignorance of job opportunities due to luck of information on the existing opportunities.
   g) Lack of capital i.e capital to buy necessary equipments

   Any five (5) points @ = 2 marks

   Total=10 marks.

2. Limitations of weakness of PPF/PPB
   a) Not all resources are fixed or fully utilised, supplied some resources can be increased in long run and fully employment is not possible in really world.
   b) A country cannot produce only two goods, many countries in the world produce numerous goods, hence cannot be analysed using PPF.
   c) Resources may not be perfectly mobile or substitutable
   d) There is no constant level of technology
   e) A country cannot trade itself i.e. there is no simple closed economy in the world.
   f) Does not show distribution of output, PPB shows what is produced but does not show how goods are distributed among people.
   g) Ignores quality differences in goods, PPF focus on quantity and not quality of goods produced.

   Any five (5) points @ = 2 marks

   Total=10 marks.

3. a) i) Total revenue and marginal revenue for both firms.

TR=(P×Q)

MR=$\frac{\Delta TR}{\Delta Q}$

| FORM FIRM A | | | | | FORM FIRM B | | | |
|---|---|---|---|---|---|---|---|---|
| Quantity demanded and sold | Price | TR | MR | | Quantity demanded and sold | Price | TR | MR |
| 1 | 40 | 40 | - | | 1 | 80 | 80 | - |
| 2 | 40 | 80 | 40 | | 2 | 70 | 140 | 60 |
| 3 | 40 | 120 | 40 | | 3 | 60 | 180 | 40 |
| 4 | 40 | 160 | 40 | | 4 | 50 | 200 | 20 |
| 5 | 40 | 200 | 40 | | 5 | 40 | 200 | 0 |
| 6 | 40 | 240 | 40 | | 6 | 30 | 180 | -20 |
| 7 | 40 | 280 | 40 | | 7 | 20 | 140 | -40 |
| 8 | 40 | 320 | 40 | | 8 | 10 | 80 | -60 |

02 Marks 02 Marks

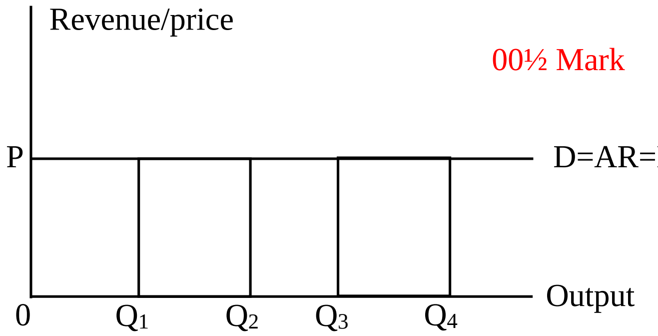
ii) firm A is perfect competition firm because changes constant price any level of quantity demanded in the market (price is constant), also Price, average revenue and mard=ginal revenue are equal. I,e. P=AR=MR. (1Marks)

ii) firm B is imperfect firm since it changes different quantity of goods demanded in the market, in this firm, average revenue (AR), is grater than marginal revenue. Ie AR≠MR

iii) relationship between AR and MR

– FOR FIRM A

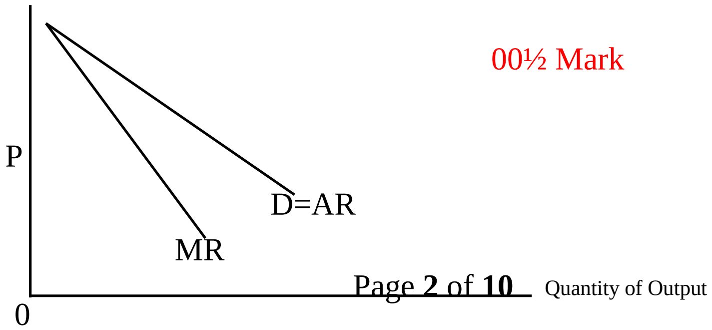
00½ Mark




In perfect competition market structure, price is constant and hence MR=AR, this implies that, each additional unit sold increase the total revenue by the amount equal to its price. 1 mark

– FORM FIRM B

00½ Mark



In imperfect market or firm AR=d but MR is lower than the price, because for this firm price is reduced in order to sell more units of output., thus MR resulting from selling one more unit of output becomes lower than the price (AR).

1 mark

v) output that maximise profit is found when

MR=MC

Then MC=40

MR=40

Therefore, if MR=40, output = 3

*3 units should firm B produce to maximize profit.* 1 mark

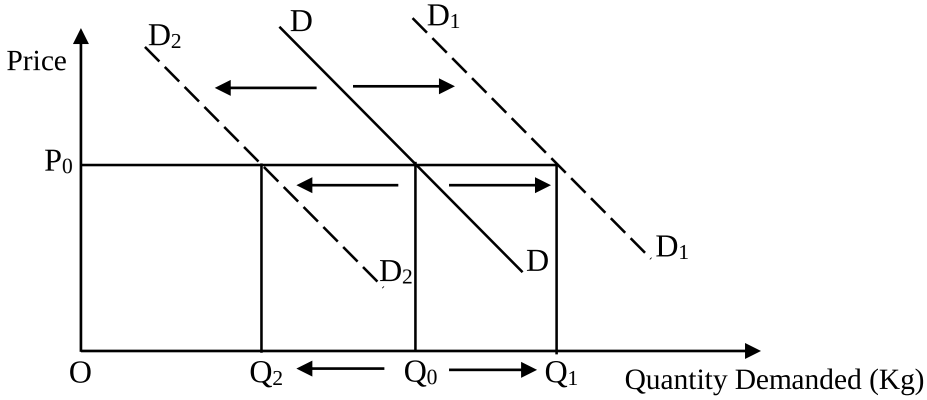
b) form of non-price competition used in Tanzania

(i). Sales promotion
(ii). Provision of after sales services (customer services)
(iii). Advertisement
(iv). Product differentiation
(v). Free delivery
(vi). Product innovation basing on customers feedback. (Improving quality of the product).

Any five points @ 2 marks = 10

4. Reasons for change in demand

a) Reasons for change in demand




***Change in Demand***

(i). Changes in Weather:
(ii). Taxation and Subsidy:
(iii). Changes in Expectations:
(iv). Changes in Savings:
(v). State of Trade Activity:
(vi). Advertisement:
(vii). Changes in Income:
(viii). Change in Population**:**

Any six points. 1 mark @

b) Data

Soln.

Data -

$Qd_m = 90 - 15P$

$Q_s = -2.5 + 1.5P$.

(i) Equilibrium market and quatity.

=> Market equilibrium condition.

$Qd_m = Qs_m$. . . . . . . . . 00½ Mark

Number of sellers = 6.

Get $Q_{sm}$: $Q_{sm} = (-2.5 + 1.5)6$

$Q_{sm} = -15 + 9P$. . . . . . . . 01 Mark

Then,

At ~~A~~equilibrium, $Qd_m = Qs_m$

$= 90 - 15P = \cancel{-15} + \cancel{9}P$

$= 90 + 15 = 15P + 9P$

$= \frac{105}{24} = \frac{24P}{24}$

$= 4.375$ . . . . .

$\therefore$ Price = 4.375 . . . . 01½ Mark

Quantity demanded

$Qd_m = 90 + 15P$, but $P = 4.375$

$Qd_m = 90 - 15(4.375)$

$= 90 - 65.625$

$= 24.375$

$\therefore$ Equilibrium Quantity $= 24.375$ ... 01 Marks

(ii) Price elasticity

For demand ( Price elasticity of demand

$PED = -\left(\frac{\Delta Qd}{\Delta P} \times \frac{P_0}{Q_0}\right)$ ---- 00½ Marks

$P_0 = 4.375$

$Q_0 = 24.375$

$\frac{\Delta Qd}{\Delta P} = -15$ ........ 01 Marks

$PED = -\left(-15 \times \frac{4.375}{24.375}\right)$

$= \frac{65.625}{24.375}$

$= 2.692$

$\therefore$ Price elasticity of demand is 2.69 ( Elastic

... 01½ Marks

Price elasticity of supply.

$$PEs = \frac{\Delta Q_s}{\Delta P} \times \frac{P_0}{Q_0} \quad \text{—— 00½ Mark}$$

$$P_0 = 4.375$$

$$Q_0 = 24.375$$

$$\frac{\Delta Q_s}{\Delta P} = 9 \quad \text{...... 01 Marks}$$

$$PEs = 9 \times \frac{4.375}{24.375}$$

$$= \frac{39.375}{24.375}$$

$$= 1.615 = 1.62$$

$\therefore$ Price elasticity of supply is 1.62 (Elastic)

...... 01½ Marks

(iii) If price is 4.

$$Qd_m = 90 - 15P$$

but $P = 4$.

$$= 90 - 15(4)$$

$$= 90 - 60$$

$$= 30$$

$$\therefore Qd_m = 30 \quad \text{...... 01 Mark}$$

$Q_s = -15 + 9P$.

but $P = 2$

$= -15 + 9(4)$

$= -15 - 36$

$= 21$

$\therefore Q_s = 21$ . ------ 01 Marks

Then.

$Q_{dm} - Q_{sm}$, ~~60-3~~

$30 - 21 = 9$,

Shortage of 9 units. . ------ 01 Mark

This is because supply is less that quantity demanded $Q^d_m > Q_{sm}$.

TOTAL = 20 Marks

5. Laasper price index (LPS)

$$LPS = \frac{\Sigma P_n q_0}{\Sigma P_0 q_0} \times 100.$$

$$L.P.S. = \frac{(510\times12)+(1110\times7)+(510\times7)+(310\times32)+(410\times22)+(300\times20)}{(190\times12)+(590\times7)+(390\times7)+(170\times32)+(210\times21)+(270\times20)} \times 100$$

$$= \frac{42400}{24600} \times 100$$

$$= 172.36$$

$\therefore$ Laasper's price index $= 172.36$

- Paache's price index (PPI)

$$PPI = \frac{\Sigma P_n q_n}{\Sigma P_0 q_n} \times 100$$

$$P.PI = \frac{(510\times18)+(1110\times14)+(510\times15)+(310\times30)+(410\times30)+(300\times28)}{(190\times18)+(590\times14)+(390\times15)+(170\times30)+(210\times30)+(270\times20)} \times 100$$

$$= \frac{65370}{39190} \times 100$$

$$= 166.77$$

$\therefore$ Paasche price index $= 166.77$

5(a) Interpretation.

$P.PI = 166.77$

$= 166.77 - 100.$

$= 66.77.$

then since
- Price has increased by 66.77%.
- Cost of living has increased by 66.77%.
- Living standard has fallen by 66.77%.

b) positive impact of inflation

- It stimulates investment
- Increase in income and consumption
- It stimulates production, as price increases it encourage production.
- It stimulates level of employment of resources due to increase in production
- Encourage stock of assets possessed by a country

Negative impacts of inflation

- High inflation rate discourages saving
- Increase in cost pf production
- Cause income inequalities
- It may cause balance of payment problem
- Collapse of monetary system

6. Importance/ advantages of privatisation in Tanzania
   a) It provides revenue to the government
   b) Create employment opportunities
   c) It facilitates mobilisation of fund and foreign aid from capitalist donors like IMF
   d) Its brings foreign exchange and promote capital inflow through international trade
   e) It minimises government burden/responsibilities.
   f) It increases competition and efficiency among firms
   g) Quick decision making, hence quick implementation of economic plans.

Introduction: any relevant description of privatisation = 1 mark
Any six points @ 3 marks
Conclusion 1 mark

7. Disadvantages of high population growth
   a) Unemployment
   b) Economic instabilities such as inflation due to high demand of goods and services
   c) Increase in dependency ratio which lead to poverty
   d) Overcrowding or congestion in public services which lead to delay provision of services such as transportation
   e) Outbreak of diseases such as cholera
   f) Resources exhaustion and environmental degradation which create shortage of resources to produce goods and services
   g) Political and social instabilities

Suitable introduction 1 mark
Any six points @ 3 marks
Conclusion 1 mark

8. Concept of unemployment
   a) Poor education system and training
   b) Political instabilities
   c) Technological progress
   d) High population growth rate
   e) Fall in demand for a product produced by a particular industry
   f) Climate changes/seasonal changes
   g) Inadequate information about job opportunities

h) Lack of manpower planning
i) Poverty

Suitable introduction 1 mark
Any six points @ 3 Marks
Any good conclusion 1 mark