



TANZANIA HEADS OF ISLAMIC SCHOOLS
FORM SIX INTER ISLAMIC MOCK EXAMINATION
ECONOMIC 1
MARKING SCHEME

CODE: 151/1

2025

1. Economic affects (negative effects) of environmental pollution.

- (i) Occurrence of diseases, death, hance reduction in human ability to work
- (ii) Pollution controls discourage view investment and production by diverting economic resources from other economic activities
- (iii) Agricultural failure due to acid rainfall caused by a mission of gases like sulfur dioxide and nitrogen dioxide
- (iv) Loss of biodiversity (death of organism) hence decline in tourism activities
- (v) Leads to diminishing returns in production especially in agriculture
- (vi) Increase in production cost in terms additional costs of restoring polluted environment.

Any four (4) points @ 2.5 marks = 10 marks

TOTAL = 10 MARKS

2. Strengths of Robbins definition

- (i) It is more scientific
- (ii) It is cantorial on scarcity which is the main economic problems
- (iii) Its widened the scape of economics o that it takes into account all types of human wants material or non-material as well us all types of persons whether in a society or not.
- (iv) Robbins raised economics to the level of science whereas earlier economists regarded it both a science and an arts
- (v) Robbins definition is universal
- (vi) He made economics neutral between ends.

Any four (4) points @ 2.5 marks = 10 marks

TOTAL =10 MARKS

SECTION B

3. (a) Circumstances under which increase in money supply does not lead to rise in the general price level.

- (i) When an increase in money supply followed by an increase in the taxation by the government especially where there is progressive taxation
- (ii) When there is price control by the government e.g. through the maximum price legislations
- (iii) When there is idle resources as such that increase in money supply is followed by un increase in the level of output of goods and services in the economy
- (iv) When there is hoarding of money

- (v) Increase in money supply is used to buy foreign goods
 - (vi) When there is income inequality in the economy.
- Any five (5) points @ 02 marks = 10 marks**

(b) SOLUTION

- (i) Data given
Quantity of money = 100,000
Velocity = 20
Number of Transaction = 250
From $Mv = PT$
Where
M = Quantity of money
V = Velocity of money
P = price level
T = Number of Transaction.

$$P = \frac{Mv}{T} \dots\dots\dots \mathbf{01 \text{ mark}}$$

$$P = \frac{100,000 \times 20}{250}$$

$$= \frac{200,000}{250}$$

$$P = 8,000 \dots\dots\dots \mathbf{03 \text{ marks}}$$

General price level = 8,000

- (ii) When amount of money increased to 200,000

$$P = \frac{200,000 \times 20}{250}$$

$$= \frac{4,000,000}{250}$$

$$P = 16000 \dots\dots\dots \mathbf{03 \text{ marks}}$$

Since general price level increase to 16000/= from 8000/= value of money will decrease, this is because there is increase relationship between price and level and value of money “As price level increases value of money decreases and vice versa”, **03 marks**

TOTAL = 20 MARKS

4. (a) SOLUTION

Data given

$$Q = -2L^3 + 12L^2$$

(i) Marginal product function

$$MP = \frac{\partial TP}{\partial L}$$

$$MP = -6L^2 + 24L \dots\dots\dots \mathbf{1 \text{ mark}}$$

Average product function

$$AP = \frac{TP}{L}$$

$$= \frac{-2L^3 + 12L^2}{L}$$

$$= -2L^2 + 12 \dots\dots\dots \mathbf{1 \text{ mark}}$$

(ii) The unit of labour and output that minimize average cost.

$$\text{Hence } MP = 6L^2 + 24L$$

$$-6L^2 + 24L = 0$$

$$\frac{-6L^2}{-6L} = \frac{-24L}{-6L}$$

$$L = 4$$

Number of labour which minimize the average cost are 4**1mark**

Output

$$Q = -2L^3 + 12L^2$$

$$\text{But } L = 4$$

$$Q = -2(4)^3 + 12(4)^2$$

$$Q = -128 + 192$$

$$Q = 64$$

The level of output which minimize the average cost are 64 unit.**1mark**

(iii) The unit of labour and output that minimize average navigable cost.

$$\frac{\partial AP}{\partial L} = 0$$

But

$$AP = -2L^2 + 12L$$

$$\frac{\partial AP}{\partial A} = -4L + 12 = 0$$

$$-4L + 12 = 0$$

$$\frac{-4L}{-4} = \frac{-12}{-4}$$

$$L = 3$$

The number of labour which minimize average variable cost are 3. ... **1 mark**

Output:

$$Q = -2L^3 + 12L^2$$

$$\text{But } L = 3$$

$$Q = -2(3)^3 + 12(3)^2$$

$$Q = 54 + 108$$

$$Q = 162 \text{ unit}$$

The level of out which minimize the average variable cost are 162 unit. . **1 mark**

- (iv) Marginal product and Average product when average variable cost is at minimum. At this point, AP is at maximum and $AP = MP$ but $\frac{\partial AP}{\partial L}$

$$AP = \frac{-2L^2 + 12L}{L}$$

$$= -2L + 12$$

$$\frac{\partial AP}{\partial L} = -2 + 0 = 0$$

$$-2 + 0 = 0$$

$$\frac{-2}{-2} = \frac{0}{-2}$$

$$L = 3$$

Hence

$$MP = -6L^2 + 24L$$

$$= -6(3)^2 + 24(3)$$

$$= 18$$

∴ Marginal product when average variable cost is at minimum are 18 unit.

2marks

$$\begin{aligned}
 AP &= -2L^2 + 12L \\
 &= -18 + 36 \\
 &= -18 + 36 \\
 AP &= 18
 \end{aligned}$$

∴ Average product when average variable cost is at minimum are 18 unit.

2marks

(b) The factors that determine production are:

- (i) Availability of factor inputs
 - (ii) State of technology
 - (iii) Size of the firm
 - (iv) Price of factors of production
 - (v) Political and social stability
 - (vi) Infrastructures
 - (vii) Market size
- 2 @ 5 = 10

5. (a) Marginal Revenue

Refers to the change in total revenue from sales of additional unit of output.

Is additional or extra revenue resulting from selling one more unit of output.

$$MR = \frac{\text{Change in total revenue}}{\text{Change in output}}$$

OR

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

(b) Filling the columns of total revenue, profit and variable cost.

Solution

$$TR = P \times Q$$

$$\text{Profit (x)} = TR - TC$$

$$\text{Variable cost (VC)} = TC - TFC$$

Output unit	Total cost (TSHS)	TOTAL REVENUE (TSHS)	PROFIT TSHS	MARGINAL COST (TSH)	VARIABLE COST (TSHS)
0	60	-	-	-	-
1	80	50	30	20	20
2	90	100	10	10	30
3	95	150	55	5	35
4	105	200	95	10	45
5	155	250	95	50	95
6	220	300	80	65	160

0.5 mark @ tick

0.5 mark x 18 = 09 marks

- (c) Five (5) factors affecting optimum size of the firm.
- (i) Economic progress in the country
 - (ii) Technique of production
 - (iii) Availability and price of resources (inputs)
 - (iv) Efficiency of factors of production
 - (v) Government policy

Any five (5) points @ 02 marks. Total = 10 marks

TOTAL 20 MARKS

SECTION C

6. Introduction

Malthusian population theory, this theory was advanced by the British Clergyman Rev Thomas Malthus in his essay on principle of population of 1798, a time when England's population was growing rapidly.

Main body

Limitation/Criticisms of Malthusian theory of population.

- (i) Food or income is not the only determinant of population growth.
- (ii) The theory did not take into account the role of technology in agriculture
- (iii) He assumed a closed economy
- (iv) The ignored the role of modern means of transport and communications.
- (v) He did not take into account the issue of income or resources distribution.
- (vi) Malthus ignored the role of population as an important factor of production.
- (vii) He assumed that resource such what land are fixed.

Any relevance conclusion.

Introduction	1 mark
Main body	six points (6) @ 03 marks
Conclusion	1 mark
TOTAL	20 MARKS

7. Introduction

Perfect competition market.

Refers to imaginary, imaginary market which has the highest degree of competition it exists when every purchaser or seller is so small relative to the entire market that has cannot influence the market price by increasing or decreasing his purchases or his output.

Main body

Perfect competition market is imaginary or unrealistic and does not exist in the real world due to the following reasons.

- (i) It is not possible for firm to sell homogeneous product.
- (ii) Free entry and exist of firms in the market is impossible.
- (iii) There is always lack of perfect information or knowledge to sellers and buyers
- (iv) Perfect mobility of factors is impossible.
- (v) Transaction costs like transportation cost are always possible.
- (vi) Preferential treatment can happen.

Conclusion

Introduction	1 mark
Main body	six (6) points @ 3 marks
Conclusion	1 mark
TOTAL	20 MARKS

8. Introduction

Price Elasticity of Demand

Is a measure of the degree responsiveness of quantity demanded to changes in the commodity own price, ceteris paribus.

Main body

Importance of price elastic of demand.

- (i) It helps businessman in price making policies
- (ii) Monopolists employ the concept of elasticity of demand when they sell by price discrimination
- (iii) It used to formulate economic policies
- (iv) Used in international trade
- (v) Used in determination of wage level in the labour market.
- (vi) Used to ascertain the amount and incidence of taxation.

Conclusion

Introduction	1 mark
Main body	Six points (6) @ 03 marks
TOTAL	20 MARKS