TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL

FORM SIX INTER ISLAMIC MOCK EXAMINATION

ECONOMICS 2

(For Both School and Private Candidates)

151/2

TIME: 3 HOURS **Friday, 7th March 2025 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 (40)** 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 from this section

1. The role of private sector in the growth of our economy cannot be undermined. Present five (5) points on how this sector can be promoted.

2. Recently DRC Congo decided to join East Africa Community. Give five (5) reasons to support her decision.

SECTION B (40 Marks)

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

3. (a) Describe five (5) weaknesses of using per capita income to compare the standard of living between countries.

   (b) An economy of a certain country is given by Y= C + I + G + (X - M)

   Give:
   C = 200 + 0.80Y
   I = 400
   G = 500
   X = 200
   M = 100 + 0.05Y

   Where C = Consumption expenditure, I = Investment expenditure, G = Government expenditure, X = Export expenditure and M = Import expenditure.

   Calculate:

   (i) Equilibrium national income
   (ii) Consumption expenditure
   (iii) Investment multiplier
   (iv) Marginal propensity to save
   (v) When the level of investment increased by 100, what is the new equilibrium national income?

4. (a) In order to achieve economic stability, demand and supply of money should be controlled by central bank by using various monetary tools. Describe five (5) of them.

   (b) You are given a banking system with five banks where initial deposit is 5,000 and reserve ratio is 20%.
   Calculate:
   (i) Deposits created
   (ii) Total cash reserve
   (iii) Total amount of loans advanced
   (iv) Money multiplier.

5. (a) Study the data given in the table below and answer the questions which follow:-

COUNTRY	**COMMODITIES (TONS PER MAM HOUR)**	
	COTTON (TONS)	**COFFEE (TONS)**
TANZANIA	3	9
UGANDA	4	8

   (i) Which country has got absolute disadvantage in production of cotton and why?
   (ii) Which country has got a comparative advantage in production of coffee and why?
   (iii) Which country has got a comparative advantage in production of cotton?
   (iv) With reasons suggest how the two countries should specialize in producing the commodities so as to encourage trade between them?
   (v) Show the tons of cotton and coffee which have been produced after specialization.

(b) Describe five (5) factors affecting terms of trade.

SECTION C (40 Marks)

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

6. It is proved that, in Tanzania much of the government revenue is collected from indirect taxes compared to other sources of revenue. Justify this statement with six (6) points.

7. Rostow's in his theory of economic growth and development argued that, "There are five (5) stages each country must pass in its process of accumulation of capital." Tanzania seems to be in second stage known as "The pre-conditions for take - off". Support this contention by using six (6) points.

8. Road transport is known to be flexible, fast and cheap, but why this type of transport is not preferred by some users? Give six points.

Wabillah Tawfiiq