TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL

FORM SIX INTER ISLAMIC MOCK EXAMINATION

ECONOMICS 1

(For Both School and Private Candidates)

151/1

TIME: 3 HOURS **Monday, 03rd 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 in this section.

1. Environment pollution is a problem that arises from constant interaction between economic system and environment. In what ways this problem can hamper the economy of the country? Give five (5) points.

2. "Despite several definitions of economics that have been proposed by various economists, Leonel Robbins definition of economics is considered as the adequate definition of economics". Justify the statement by using four (4) points.

SECTION B (40 Marks)

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

3. (a) Under what circumstances increase in money supply does not affect value of money in the economy? Give five (5) points.

   (b) Given that the quantity of money in an economy is 100,000, its velocity of circulation is 20 and the number of transactions is 250.
   (i) Calculate the general price level using fisher's question of exchange.
   (ii) What will happen on value of money in this economy if central bank increases quantity of money to 200,000?

4. (a) If the short-run production of a firm is $Q = -2L^3 + 12L^2$

   Required:
   (i) Prepare the marginal product and average product functions.
   (ii) Find the unit of labour and output that minimizes average cost.
   (iii) Find unit of labour and output that minimize average variable cost.
   (iv) What is the amount of marginal product and average product when average variable cost is at minimum?

   (b) Describe the factors that determine production. Give five (5) points.

5. (a) What is marginal revenue?

   (b) Study carefully the following information of the short-run cost and revenue of the firm which operates under the perfect competitive market.

OUTPUT UNITS	TOTAL COST (TSH)	TOTAL REVENUE (TSHS)	PROFIT (TSHS)	MARGINAL COST (TSHS)	VARIABLE COST (TSHS)
0	60	-	-	-	-
1	80			20	
2	90			10	
3	95			5	
4	105			10	
5	155			50	
6	220			65	

   If the firm maximizes profit at five units of output, complete the table above by filling the columns of Total Revenue, Profit and variable costs.

(c) Explain five (5) factors affecting optimum size of the firm.

SECTION C (40 Marks)

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

6. By using his own words Thomas Malthus said that "By nature human food increase in a slow arithmetic ratio while man increase in quick geometrical ratio." In what ground the theory was criticized? Give six (6) points.

7. "The perfect competition market is imaginary or unrealistic and does not exist in the real world." Give six (6) reasons to justify this statement.

8. Describe six (6) applications of price elasticity of demand in daily life.

Wabillah Tawfiiq