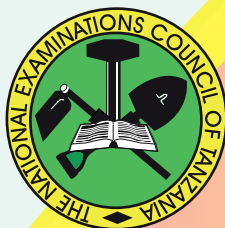


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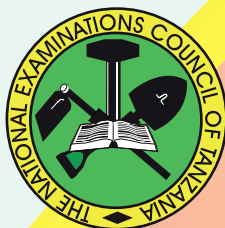


**EXAMINER'S REPORT ON THE PERFORMANCE
OF CANDIDATES**

ACSEE, 2014

151 ECONOMICS

THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



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(ACSEE 2014)**

151 ECONOMICS

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151 ECONOMICS

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FOREWORD

The Examiners' Report on the Performance of Candidates in Economics subject in the Advanced Certificate of Secondary Education Examination (ACSEE) 2014, was prepared in order to provide feedback to students, teachers, parents, policy makers and other educational stakeholders on the candidates' performance in this subject. This subject is among the subjects which had a good performance. The report has therefore tried to reveal a number of factors that can be attributed to candidates' performance.

The Advanced Certificate of Secondary Education Examination marks the end of two years of Advanced Secondary Education. It is a summative evaluation which among other things shows the effectiveness of the education system in general and education delivery system in particular. Essentially, candidates' responses to the examination questions is a strong indicator of what the education system was able or unable to offer to the students in their two years of Advanced Secondary Education.

The analysis presented in this report is intended to contribute towards understanding some of the factors that made candidates perform the way they did. The feedback provided will enable the educational administrators, school managers, teachers and students to identify proper measures to be taken in order to improve the candidates' performance in future examinations administered by the Council.

The National Examinations Council of Tanzania will highly appreciate comments and suggestions from teachers, students, school inspectors, curriculum developers and the public in general, that can be used in improving future Examiners' Reports.

Finally, the Council would like to express sincere gratitude to the Examination Officers, examiners and all those who participated in the preparation of this report.



Dr. Charles E. Msonde

EXECUTIVE SECRETARY

1.0 INTRODUCTION

This report is based on the analysis of the performance of candidates who sat for the Advanced Certificate of Secondary Education Examination (ACSEE) in 2014 in Economics Subject. The ACSEE Economics examination tested the candidates' abilities stated under the revised syllabus of 2009.

The examination comprised two papers, i.e. Paper 1 (Economic Theory) and Paper 2 (Economic Development). Paper 1 consisted of eight (8) questions divided into section A and B of which candidates were required to answer five (5) questions choosing at least two questions from each section. Paper 2 had ten (10) questions with two sections, A and B. There were five questions in each of the two sections. Candidates were required to attempt five questions choosing at least two (2) questions from each section. Each question in paper 1 and 2 carried 20 marks.

The number of candidates who sat for this paper in May 2014 was 7,622, of which 99.57 percent passed while 0.43 percent of the candidates failed as shown in Table 1.

Table 1: Candidates' Grades in ACSEE 2014, Economics Examination

Grade	A	B+	B	C	D	E	F
% of Candidates	0.49	35.61	42.50	17.71	3.27	0.41	0.03

This performance was high when compared to the 2013 Economics Examination where 93.53 percent of 8,173 candidates who sat for that Examination passed while 6.47 of the candidates failed as shown in Table 2.

Table 2: Candidates' Grades in ACSEE 2013, Economics Examination

Grade	A	B	C	D	E	S	F
% of Candidates	0	0.03	6.25	37.83	40.33	9.09	6.47

The comments on individual questions for the ACSEE 2014 Economics examination are presented in the analysis of the candidates' performance. The presentation highlights the requirements of each question, strengths and weaknesses of candidates in answering questions. The extracts attached are selected from the scripts of candidates who were able and unable to satisfy the requirements of the questions.

2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE PER QUESTION

2.1 Paper 1: Economic Theory

2.1.1 Question 1: Subject Matter of Economics and Production

This question had two parts, (a) and (b). In part (a), the candidates were required to describe six features of human wants while in part (b) candidates were required to analyse four factors which determine scale of production.

The question was attempted by 68.5 percent of all candidates, of which 7.5 percent scored from 16 to 19 marks, 50.6 percent scored from 11 to 15 marks, 35.7 percent scored from 6 to 10 marks, 6.1 percent scored from 1 to 5 marks, and 0.1 percent scored a 0 mark out of 20 marks. Generally the performance in this question was good.

In part (a), most of the candidates who attempted this question managed to describe the features of human wants correctly and they provided examples to support their explanations. A sample of such responses is shown in Extract 1.1.

Extract 1.1

1 (a)

Human wants, These are all human desires which can be satisfied by goods. For example thirst, hunger and health. Human wants can be primary wants like necessary for existence, necessary for efficiency and connection necessary. Also can be secondary wants like luxury and comforts like desire to have luxury car. The following are the features of human wants.

Unlimited in number, Human wants are unlimited in number because of scarcity of resources. That resources are unable to satisfy all human wants. For example thirst may become again and again and also it's difficult to satisfy all human want because resources are scarce.

Human wants are Complementary, That the particular want can lead to the demand for another want. For example car can make the demand for petrol in order to satisfy all human desire. So the human wants have Complementary feature.

Human wants differ in Urgent and Intensity, since because consumer can first-satisfy want which is more or have more-Urgency and Intensity. For example people buy food before buying other commodities like clothes, so the wants for food have high Urgent and Intensity.

Human wants can be satisfied by alternative means, because the want for soda can be satisfied by drinking juice, or the want for water can be satisfied by drinking

1. Soda, so this show that human wants can be satisfied by alternative means.

Human want felt again and again, for example the want for thirst can felt again - after finishing to consumer the particular good. So the human want are Unlimited can be felt again and again that no point of marginal utility. Example thirst, hunger.

Particular human want can be satisfied. For example secondary human wants like Comfort and luxury. Example car and Television where by some commodities can full make satisfaction into the particular human wants, example luxury.

Generally, The human wants have a lot of characteristics. But there are classification of human wants as follows. Secondary human wants like luxury goods and Comforts, and Basic human wants like - Connection necessary, Efficiency necessary and Existence necessary like food, where by necessary for efficiency is like better wealth service, Good Food and other which make production efficiency.

Extract 1.1 is a sample from a candidate who managed to describe the features of human wants.

On the other hand, the candidates who performed poorly in this part described the features of things which satisfy human wants instead of the features of human wants. This indicates that the candidates had insufficient knowledge on the concept of production. Extract 1.2 illustrates a sample of incorrect responses.

Extract 1.2

1@ Human wants these are needs or basic need that individual people purchase them for the purpose of creation of utility. Human wants are divided into basic needs and Social needs, where basic needs are food, shelter and cloth and Social needs are normal need e.g. cars. The following are features of human wants.

Possess Utility: Human wants are for the aim of satisfaction of individuals that are persons get them for the purpose of consuming it e.g. the purchasing of cloth that is for self-covering in the public as all.

Have alternatives resources: On this point human want must be not equals at this point wants are of different kind and have different satisfaction on individual people e.g. an individual can purchase a car while another can purchase a bike. **(Diminish)**

Durable and (Perishable): Also another point is that human wants can stay for a long time and short time but hence forth diminish is condition e.g. an individual can purchase a car in 2005 but the car will only last for 5 years hence forth **(exchange value)**

Undergo purchasing: Also all human wants under-go-purchasing where by all individual people must buy them for self-utilization e.g. Buying of clothes.

Extract 1.2 is a sample from one of the candidates' script who described the features of things which satisfy human wants instead of features of human wants.

The candidates who performed well in part (b) of the question adhered to the demand of the question. They managed to analyse the factors and provided some examples. The candidates had sufficient knowledge on the topic of production. Extract 1.3 shows a sample from a candidate who responded according to the requirement of the question.

Extract 1.3

1	(b)
	<p>Scale of production, is the quantities produced and the techniques used in production of the Commodity. Scale of production can be - large scale of production where by output produced and inputs used are higher. Also can be small scale production where by resources and output produced are small. The following are the factors that determine the scale of production:</p> <p>Technological level; When the technology is improved can produce large quantity of the Commodity which indicate large scale of production. But when the technology is poor then the output produced and inputs become small which prove the existence of small scale production.</p> <p>Infrastructure availability; Such as roads, railway, and inland transport, when the infrastructure are well improved then the process of transferring Commodity from where reproduced to consumption are become so simple hence influence the scale of production since there is large scale of production. But when the infrastructure are poor then the scale of production will small due to low output produced.</p> <p>Resources available; Such as land labour, capital and entrepreneurship, so when the resources are well prepared and efficiency can produce large output which is called</p>

1(b) Large scale of production, But when the resources such as land, labour, Capital and Entrepreneur are inefficient can lead to low output which show the small scale of production. Example in less developed countries there is low output which show small scale of production but in developed countries there is large scale of production.

Market size, when the market size is large then will stimulate the production activities which will leads to high output - hence shows the presence of large scale of production. But when the resources are poor then market size is low the output produced will be low and the scale of production will be small. Example in less developed country the market size is small - then scale of production become small. Unlike in countries like China where the market size is large and show the large scale of production.

Generally, the scale of production can be large or small depending on the above factors. But each scale of production have merits and demerits like in large scale production, there is large output but higher initial capital. Unlike in small scale where there is low output but small initial and running capital. So the small scale production can be where the technology is poor unlike large scale which need modern technology.

Extract 1.3 shows a sample of a response from one of the candidates who was able to analyse the factors that determine scale of production correctly.

2.1.2 Question 2: Privatisation

This question had two parts, (a) and (b). In part (a) candidates were required to relate the privatisation process with the improvement in the standard of life in Tanzania while in part (b) the candidates were required to explain four measures which can be used to control private sectors in Tanzania.

The question was attempted by 50.4 percent of the candidates, of which 0.2 percent scored a 0 mark, 10.8 percent scored from 1 to 5 marks, 73 percent scored from 6 to 10 marks, 15.7 percent scored from 11 to 15 marks, 0.3 percent scored from 16 to 18 marks out of 20 marks. This data shows that candidates' performance in this question was good.

The candidates who performed relatively well in part (a) were able to relate the privatisation process with improvement in the standard of life in Tanzania. They provided explanations with necessary key words and had well organized flow of ideas on the privatisation process. A sample of such responses is shown in Extract 2.1.

Extract 2.1

2 a)	
	Privatization can be defined as the process of transferring of ownership ^{of} for the Public companies into the hands of Private companies. Privatization can be in form of Concession, leasing, Management Contract, Divestiture, Joint Venture, or Asset sale. Privatization is very important. The following are the advantages of Privatization in improving the standard of life in Tanzania.
	Privatization has led to increase in efficiency in Production. Private sector are usually profit motivated and use efficient machines in producing goods and service. They allocate resources efficiently to avoid wastage of resources. And also due to competition, it has led to efficiency in production. This has improved the lives of Tanzania since they are able to get goods which are of higher quality.
	Privatization has led to increase in employment opportunities in Tanzania. In Tanzania, nowadays there are many private sectors engaging in Production. Due to increase in production of goods, many people have been employed and hence they earn income which raise their standard of living. In Tanzania, before Privatization few people were working, but after Privatization, many economic activities were established and hence increased employment.

Extract 2.1 shows a sample of a response from a candidate who provided the points which relate to privatisation with improvement in the standard of life in Tanzania correctly.

However the candidates who performed poorly in this question were unable to relate the process of privatisation with the improvement in the standard of life in Tanzania. The candidates explained the disadvantages of

privatisation which was not the demand of the question. Extract 2.2 is a sample from candidates who responded incorrectly.

Extract 2.2

2(K) Privatization is the process where by the major means of production are transferred from public sector to private sector. The privatization does not improve the standard of life in Tanzania due to the following reasons:-

Income inequality. This is the situation where by the level of income is different among the member of the society. This is because there are people who own the major means of production while other are not own. Hence it creates the income gap. In Tanzania this happens.

Emergence of private monopoly. There are some monopoly which are existing in Tanzania. For example the suppliers of fuels like petrol and diesel.

Essential goods are ignored. The privatization in Tanzania cause the ~~pe~~ essential goods to ~~p~~ be ignored. The private sector engage more in the production of luxury goods.

Private sectors also don't provide social services. These services are like security and construction of roads. So due to that situation does not improve the standard of life.

Private sectors in Tanzania also contribute much in social costs like, air pollution. This is due to the emission of toxic smokes into the atmosphere.

Capital and profit outflow. The-

Extract 2.2 is a sample response from a candidate who explained the disadvantages of privatisation instead of explaining how the process of privatisation improved life in Tanzania.

Part (b) of this question was not performed well. Some candidates failed to explain four measures which can be used to control private sector in Tanzania. One candidate wrote "equal sharing of the profit" as the way to

control private sector. Extract 2.3 shows a sample of a poor response of the candidate.

Extract 2.3

2(b)	Private sector is a sector which is owned by individual. There are some private sectors which exists in Tanzania. The following are the measures which can be used to control the private sector in Tanzania.
	Equal sharing. The profit obtained from private sectors should divided equal to government. This helps more to reduce the private sector in Tanzania.

Extract 2.3 shows a sample of the incorrect response extracted from one of the candidates' script. The candidate wrote equal sharing of the profit as the way to control private sector.

On the other hand, most of the candidates who had good performance in this question managed to explain measures used to control private sector in Tanzania. Extract 2.4 is a sample of a good response.

Extract 2.4

2b.	
	<p>Private sectors are sectors which are owned by Private individuals or companies. Sometimes Private sectors are harmful to our economy and they should be controlled. The Public sectors or government is the one in charge in controlling the Private sector in Tanzania. The following are the ways of controlling Private sector in Tanzania, these are through:</p> <p>Price Control. This is system whereby the government controls the price of goods or commodities in the market by setting either maximum price to protect the consumer or minimum price to protect the producers. Sometimes the Private sector charges high price and they exploit the consumers, so the government controls this by charging a maximum price (Price ceiling) so as to prevent consumers being exploited. Through Price control Private sector is controlled.</p> <p>Through Consumer Protection or legislation. The government can control the Private sector through Consumer Protection (Consumerism). This is through statutory laws and Voluntary organisation aiming to protect the consumers from being sold adulterated goods, fake goods, poor hygienic goods, poor services, cheating in weights and measures. The aim of the government is to make sure that the Private sector abide and follow the Statutory Act and Voluntary 'formation. Through this way the Private sectors are not able to exploit the consumers.</p>

Extract 2.4 shows a sample of a good response from a candidate who explained measures used to control private sector in Tanzania.

2.1.3 Question 3: Population

The question had two parts, (a) and (b). In part (a), candidates were required to examine five factors which determine population change while in part (b) the candidates were required to outline five main determinants which lead to high population density.

The question was attempted by 75.7 percent of the candidates of which 1.8 percent scored a 0 mark, 10.6 percent scored from 0.5 to 5.5 marks, 33.1 percent scored from 6 to 10.5, 43.4 percent scored from 11 to 15.5 marks, and 11.1 percent scored from 16 to 19 marks out of the 20 allotted marks. The performance in this question was good.

The candidates who performed well in part (a) of the question managed to examine the factors which determine population change. A sample of such a response is shown in Extract 3.1

Extract 3.1

3.	a) Population change is an increase or decrease in number of people in a given area. This means that there are factors which make population to change. The following are the factors which make population change. High birth rate, this means that if the rate of birth that is many people are giving births that makes the population of that particular geographical area to be large due to large number of people giving birth. High death rate, this means that if the population of a certain geographical area has high death rate that means many people are dying may be because of diseases, hunger and war then the population of that particular place will decrease. Emigration, this means that people in a particular country are shifting to other different countries this could be may be searching for employment, civil war that are taking place in that country, starvation and drought this makes people shift to other countries.
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Extract 3.1 shows a sample of a response from a candidate who scored high marks, he/she managed to determine the factors of population change.

However the candidates who scored a zero mark in part (a) misunderstood the question, they provided the factors influencing population density instead of the factors which determine population change and therefore failed to answer the question. Extract 3.2 shows a sample of an incorrect response.

Extract 3.2

3a	<p>Climatic change Population is the total number of people living in a given geographical area at specific period of time. The following are the factors which ^{determine} lead population to change.</p> <p>Climatic condition, population can change according to the climatic condition if the climatic condition is favourable they will be high population but when the climatic condition is unfavourable it will be low population.</p> <p>Political Instability If the country there is peace and security the population will be high population but the place or country where there is no peace and security the population will be low.</p> <p>Availability of resource where there is availability of resource the population will be change to be high but when the or resource is absence there is low population because they is no nothing to do.</p> <p>Infrastructure where they are good infrastructure the population change to be high than the place or country where they are poor infrastructure. Example people move from rural to urban because the social service provided most in urban area than rural area.</p>
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Extract 3.2 presents a sample of a response from a candidate who wrote the factors determining population density instead of the factors which determine population change.

The candidates who performed well in part (b) of the question were able to provide the factors which determine high population density. Extract 3.3 shows a sample of a good response.

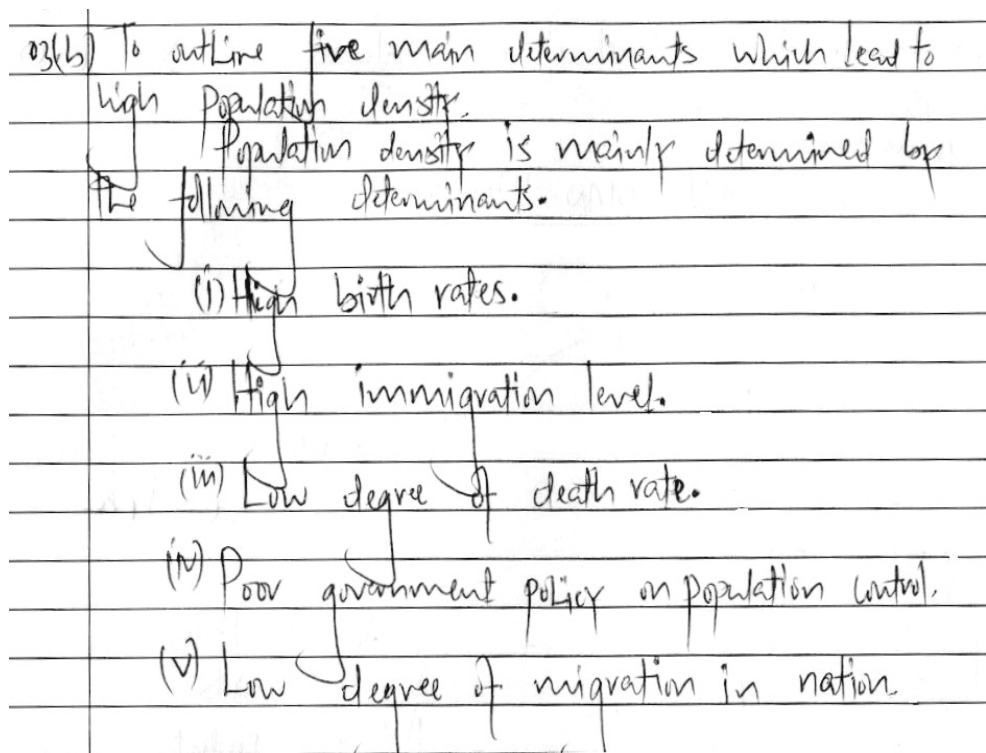
Extract 3.3

3.	b)	High population density is the situation in which the number of people in a given geographical area is large than the carrying capacity and available resources of that particular country. The following are the main determinants which leads to high population density.
		Climatic condition ^{is favourable} , this means that if an area has favourable climatic condition most of people will move to that area because of weather as some places are too sunny and other are too cold but most people move to area where there is enough rainfall so that they can do cultivation of crops.
		Availability of social services, this means that people prefer areas with with available social services such as hospital, infrastructure. This brings about rural-urban migration as people move to urban areas. So that they can get social services.
		Employment opportunities, most people are much concentrated in areas where there is availability of employment opportunities so they concentrate in that place because they can earn a living at that particular place.
		Political stability, this means that people move to areas that are politically stable that means there is peace and security as most people from different African countries shift to Tanzania so that they can get political peace and harmony.
		Soil fertility, this means that people are much concentrated in areas that have soil fertility so that they can do their production activities very well, soil fertility enables production of crops so that people can get incomes and food as well.

Extract 3.3 shows a sample of a response from a candidate who provided the points which determine high population density correctly.

The candidates who performed poorly in part (b) failed to outline the main determinants which lead to high population density. Some explained Malthusian Theory of population which does not answer the question, while others mentioned the factors which determine change in population which was not the demand of the question. Extract 3.4 shows a sample of a poor response.

Extract 3.4



Extract 3.4 is a sample from a candidate who provided the factors determining increase in population instead of the factors which determine high population density.

2.1.4 Question 4: Theory of Money

This question had two parts, (a) and (b). In part (a) the candidates were required to describe four problems of compiling price index while in part (b) candidates were required to give reasons for the differences in interest rates among borrowers.

The question was attempted by 39.1 percent of the candidates. The analysis of the candidate's performance in this question shows that the general performance was good as 7.3 percent scored from 16 to 19 marks, 44.6 percent scored from 11 to 15 marks, 39.2 percent scored from 6 to 10 marks, only 8.8 percent scored from 1 to 5 marks and 0.1 percent scored a 0 mark out of 20 marks.

In part (a) of the question the candidates who scored high marks were able to describe the problems of compiling price index correctly and met the requirements of the question. Extract 4.1 shows a sample of a good response.

Extract 4.1

4.	<p>a) Price index refers to the statistical measure of the relative average price in a given period of time. There are two types of price index which are used to measure the change in price, these are Paasche's price index and Laspeyres' price index, also price index used to measure terms of trade, thus help to determine whether there is favourable or unfavourable terms of trade.</p> <p>The following are the problems of compiling the price index;</p> <p>Problem of finding a common base year where the data are to be obtained, since in every year there is fluctuation of price among various types of commodity, hence to find the year where price was stable is a problem, thus limit or hinder the compilation of price index, as due to inflation and deflation, price never remain constant.</p> <p>Problem of finding a representative sample of consumers; as the consumers differ in purchases, some are high income earners hence their purchasing power is high while others are low income earners, hence their purchasing power is low, thus consumers differ in purchasing power, this lead or hinder the compilation of the price index, as it fail to find a representative sample of consumers.</p>
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4.	a.)	Problem of Finding a common basket
		of goods, this is due to difference in
		taste and preference on the goods by the
		consumers, as every one has its own preference
		on the certain goods, as consumers can
		not all have the same taste and preference
		on the goods available. For example
		some people may prefer fish to meat, while
		other may prefer meat to fish.
		Different in consumption pattern,
		as different people differ in making
		consumption due to many factors, as
		consumption of certain goods may differ
		from other goods, thus bring problem
		in compiling the price index, since
		compilation of price index is possible when
		there is no difference in consumption pattern.

Extract 4.1 shows a sample of a response from a candidate who scored high marks. The candidate managed to describe the problems of compiling price index.

On the other hand, some candidates who failed to give correct answers failed to describe the problems of compiling price index. Extract 4.2 shows an irrelevant response from a candidate.

Extract 4.2

4	(a) Price index is the measure of value of price with specific data that the current year and the base year to bring about the national income due to the data obtained from the cost of living, standard of life, purchasing power, value of money and the price.
	The following are the four problem of compiling price index,
	The presence of different base year is already a problem because of existence of two solutions. For example the national income given out is calculated by both poaches and Laspers formula. the answer obtained determines the national income but one of them contains inflation.
	There is changes of tastes and preference thus affecting the price index under the cost of living as well as the standard of living thus the changes causes the price index to change thus being a problem of compiling price index.
	Thirdly, it includes the year of inflation that is the current years for example by using poaches formular the years commonly used is are the current years which are characterised by inflation thus discourage investments as well savings.
	Lastly, it is affected by the number of population, that is if the population is high the price index may also be high but if the population is low then the price index is also low.
	However the with the compiling of price index, price index may be used by the government as well as entrepreneurs especially in planning process.

Extract 4.2 is a sample response of a candidate who failed to give correct answers by writing change of tastes and preference, number of population and presence of different base year.

In part (b) of the question, some candidates managed to provide the reasons for the differences in interest rates among different borrowers correctly. Extract 4.3 shows a sample of a good response.

Extract 4.3

4.	b.)	The following are the reasons as to why rate of interest differ among different borrowers :
		Amount of loan taken ; as the higher the amount of loan , the lower the rate of interest , this is due to encourage many people to borrow money and invest , while the lower the amount of loan , the higher the interest rate , hence motivate people to borrow a large amount of money for the purpose of investing .
		A Repayment period ; as when the loan is borrowed as payment is to be made after long period of time , the higher the interest rate will be paid , due to accumulation of interest rate until when the loan is repaid , while when the loan is borrowed and payment is to be made for short period of time , the low interest rate will be paid .
		Nature of the security , also this matter when deciding of an interest rate to be paid , as when the borrower has a reliable collateral security like house , the interest rate will be low , since the lender or bank will be assured of payment by the borrower , as even if default will occur the lender can take back the property provided as a security , while when there is no reliable security available , the lender will charge high interest rate .

Extract 4.3 shows part of the correct responses extracted from a candidate's script. The candidate managed to give reasons for the differences in interest rates among different borrowers.

On the other hand, the candidates who performed poorly, failed to understand the requirements of the question as some explained the effects of increasing or decreasing money supply instead of the reasons on the differences in interest rates among different borrowers. Extract 4.4 shows a sample of a poor response.

Extract 4.4

4 (b)	<p>Interest is the reward given to capital which may include different assets. Capital can be high or low and it may be affected by inflation as well as deflation. A good capital usually have different rate of interest among different borrowers.</p> <p>The following are the reasons of interest differing among different borrowers;</p> <p>To encourage investments in business. By giving out different interest to different borrowers helps investors to borrow more money to obtain profit thus a person may build up school just for investment activity.</p> <p>To reduce income inequality. Normally wealthy people have low interest while low income grouped people have high interest rate in order to make them come to and borrow ^{again} for the aim of increasing their stock of capital.</p> <p>To increase the supply of loans. From the interest rate charged among different borrowers, the loan is highly supply if the g government or an institution is want to have high interest rate.</p> <p>Reduce money supply. Money supply can be determined according to Keynes that is involves the money for daily purpose, unforeseen events and for future thus the money supply is reduced because of high rate of interest but increase if there is low rate of interest.</p> <p>To control inflation. By controlling inflation the money in circulation reduces due to high prices and the low rate of interest thus the use of monetary policy is applied.</p> <p>To control deflation. Deflation is the persistent decrease of prices of commodities. Thus the capital becomes high and the interest becomes high so as to</p>
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Extract 4.4 shows a sample of a poor response extracted from a candidates' script. The candidate explained the effects of increase or decrease in money supply instead of the reasons for the differences in interest rates among different borrowers.

2.1.5 Question 5: Theory of the Market

This question had part (a) and part (b). Candidates were required to explain six features of oligopoly market structure in part (a) while in part (b) they were required to analyse four strategies to be taken to avoid market failure.

This question was attempted by a few candidates (16.2%). The candidates' performance in this question shows that 33.6 percent scored from 0 to 5.5 marks, 54.3 percent scored from 6 to 10 marks, 11.5 percent scored from 11 to 15 marks, 0.6 percent scored from 16 to 19 marks out of 20 allotted marks. Therefore the general performance in this question was good.

In part (a) of the question, candidates who scored high marks were able to explain the features of oligopoly market structure correctly as seen in Extract 5.1.

Extract 5.1

5	<p>Oligopoly market is the type of market structure in which there is few sellers in the market and high competition. The following are the features of the oligopoly market.</p> <p>Mutual interdependence, this is where because there few sellers in the market they agree to together the quantity of output to produce and the price to make price in the market.</p> <p>Few seller in the market is the one among the features and indicator of oligopoly market to occur. This lead to mutual interdependence and avoid monopoly power.</p> <p>High competition within the market because all seller aiming to get profit. So the tend to increase quality and quantity of its product so that increase profit.</p> <p>High advertisement cost, where by this occur because of high competition so sellers tend to advertise the product so that to insure to get many customers so that to maximize profit.</p>
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Extract 5.1 shows a sample of a correct answer extracted from a candidate who was able to explain the features of Oligopoly market structure.

However, candidates who performed poorly failed to understand the requirements of the question. They were required to explain the features of oligopoly market structure, but instead some candidates wrote the points such as "no government restriction, use large scale, have large capital" which did not answer the question. Extract 5.2 shows a sample of an incorrect response.

Extract 5.2

50 Oligopoly Market is the kind of the
Market where there was few firm.
This means that the number of firm is less
different features
These features as follows:
Also have no government restriction
this means that through oligopoly have ability
to produce any product without any limitation
simply because it already make the
agreement with the government so that
can increase price or decrease the price
no any action can be take place.
It use large scale this means that
oligopoly have use high technology which
produce high and quality goods simply
because have enough capital as well
as enough market for selling.
More over it has large capital this
means that oligopoly have enough money
for production so due to that can able
to escape the competition which may
be can occurred.

Extract 5.2 shows one of the incorrect answer from a candidate who wrote "no government restriction, use large scale, and large capital" instead of features of oligopoly market structure.

In part (b) of the question, some of the candidates were able to analyse the strategies to be taken to avoid market failure. A sample of such response is shown in Extract 5.3.

Extract 5.3

Market failure this are the disadvantage or externalities which are negative shown in the market after production and consumption was to control them are the following:

- Increase pollutant tax where by the government through pollutant tax will reduce the pollution of environment with affect the third part.
- Formation of laws and policy and implement them effective this reduce the misallocation of resources to the production and also effect to third part.
- Good economic plan also lead to good allocation of resource which lead to control utilization of resource in the production and consumption.
- Stabilization of price also will lead to proper allocation of ^{resource} price of the and increase production and increasing consumption of goods and services.
- Lastly, if the market failure will not be controlled lead to overproduction, environment pollution and economic depression.

Extract 5.3 shows a sample of a correct answer from a candidate who was able to analyse the strategies used to avoid market failure.

On the other hand, the candidates who performed poorly failed to understand the requirements of the question. They were required to analyse the strategies to be taken to avoid market failure, but one candidate explained points such as "reduction of tax, reduction of production, improving infrastructure and price stability" which do not answer the question as seen in extract 5.4.

Extract 5.4

⑥	Market failure is the situation where by the market has been fall down means that know transaction which has been done. so the way with which taken to avoid market failure as follows. Reduction of tax this means that when the rate of tax is low it can lead to reduce increase the number of demand supply because the income will be high due to decline of tax so people they pay low tax so due to that as the one factor which can be taken. Reduction of production cost this can stimulate supplier to produce more so due to that the transaction may be taking place. Price stability this means that when the price is stable it lead people to consume more as well as to make transaction very easy so the transaction can be going at good condition. Improving in infrastructure this means that when transportation is very good can facilitate to produce more so due to that transaction can be
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Extract 5.4 is a sample from a candidate who provided irrelevant points to the question such as improving infrastructure, price stability instead of the strategies to avoid market failure.

2.1.6 Question 6: Trade Cycle

This question required the candidates to define a trade cycle in part (a) while in part (b) candidates were required to explain four features of a

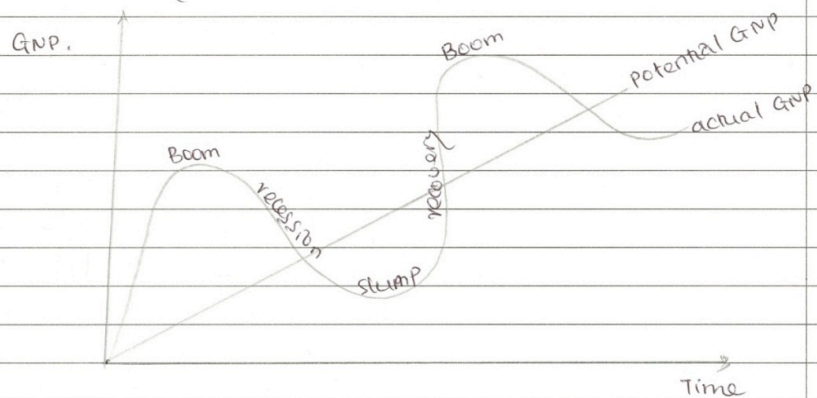
trade cycle and in part (c) candidates were required to outline five factors which lead to the emergence of Trade cycle.

The question was attempted by 88.8 percent of the candidates. The analysis of the candidate's performance in this question shows that the general performance was good as 0.1 percent scored full marks (20), 9.7 percent scored from 16 to 19.5 marks, 34.2 percent scored from 11 to 15.5, 43.6 percent scored from 6 to 10.5 marks, 11.4 percent scored from 1 to 5.5 marks and 0.5 percent scored a 0 mark.

The candidates who scored high marks in part (a), (b) and (c) were able to define, explain features and to outline the factors correctly and met the requirement of the question. Extract 6.1 shows a sample of a good response.

Extract 6.1

6. a/ Trade cycle refers to the general economic fluctuation of economic activities within the country which occurs at a given period of time. When the economy is at the higher stage it is said to be at boom while when the economy is at the lowest stage it is said to be at depression stage. This is because the trade cycle has been divided into four phases namely boom, recession, slump and recovery.



b/ The trade cycle has been characterized by having the following features;

It is periodic. Trade cycle is periodic in nature because it occurs in different times. For example if this year there is Boom then the coming year there may be recession. But it cannot occur the whole phases for the same time.

The process from boom to depression is easier compared to the process from depression to boom. Trade cycle also has such a feature as when the economy is at the boom (peak) it is easy to decline due to various reasons like psychological reasons.

6b and when it reaches to slump slump to be back again to the peak stage it is a long process as until people make their plans properly.

It covers the whole country. Also when general economic fluctuation occurs it faces or covers the whole nation. It is not just for some places only. Therefore this also is a feature of trade cycle.

It has wave like structure. Trade cycle has wave like structure in shape since it changes over time, that is at a certain time there is boom then at another time recession then slump then recovery then boom again you may find that wave like structure occurs. All of these this is because it has turning point in which these point brings about the shape.

c/ These features of trade cycle are being brought by different factors which cause trade cycle those factors are as follows;

climate factor. Trade cycle may be caused by climate variation as since there is favourable climate that means different economic activities will take place for example agriculture where now the revenue of the nation will increase hence boom stage, but if there is unfavourable climate at a given area different economic activities will fail to operate - hence the economy declines suddenly slump occurs.

political factor. Also trade cycle occurs due to political factors such as stability and instability within the nation. To the time when there is stability you may find people conduct their activities effectively without any fear which later bring about development and hence boom. -

Extract 6.1 is a sample of a response from a candidate who managed to define, explain and to outline the causes of trade cycle.

On the other hand, candidates who performed poorly were unable to define trade cycle, to explain and to outline the causes of trade cycle. Some explained phases of trade cycle while others explained the features of a boom phase of trade cycle which was not the demand of the question. Extract 6.2 is a sample from a candidate who responded incorrectly.

Extract 6.2

- 6(a) Trade cycle- Refers to the circulation of buying and selling the commodities in the business flow which involves the whole process of business system.
- 6(b) Features of a trade cycle are:-
- i/ Involve buying and selling of Commodities, The trade cycle involves the buying of Commodities as well as the selling of Commodities which uses the system of exchange.
 - ii/ There must be a buyer and seller, The trade cycle must involve the buyer who is consumer of the product as well as seller who is the producer of the product.
 - iii/ There must be
- 6(b) Features of a trade cycle are:-
- i/ Boom, this is the highest business peak where the producer is stable and have a lot of Capital for the production. This is the highest stage because the producer is at high peak.
 - ii/ Recovery, this is the stage where the producer is recovering from the economic depression. Therefore the producer is taking measures and is recovering in order to reach to the boom.
 - iii/ Depression, This is the stage where the producer is at the fall and therefore it involve overproduction with no market as well as the shut down point of the firm because a firm can not continue with further production.

6(b)	iv/ Recession, this is the stage between the recovery and depression where by the producer is from the depression situation to recovery situation. Therefore it involve measures for the firm to reach in recovery state from depression.
6(c)	The factors which lead to the emergence of trade cycles are:-
	i/ Over production, in which the producer aims at sales maximization rather than profit maximization.
	ii/ Lack of capital, which accelerate the absence of fund to generate the production.
	iii/ Mis-use of the available res resources, which results into improper utilization of resources for the production purposes.
	iv/ Lack of market, for the produced goods which results into presence of many commodities with no market
	v/ Provision of fund which results into boom, where by a producer is recovering from depression then the provision of fund led to the results of new light for the production purposes.

Extract 6.2 is a sample from a candidate who explained phases of trade cycle instead of explaining features and causes of trade cycle.

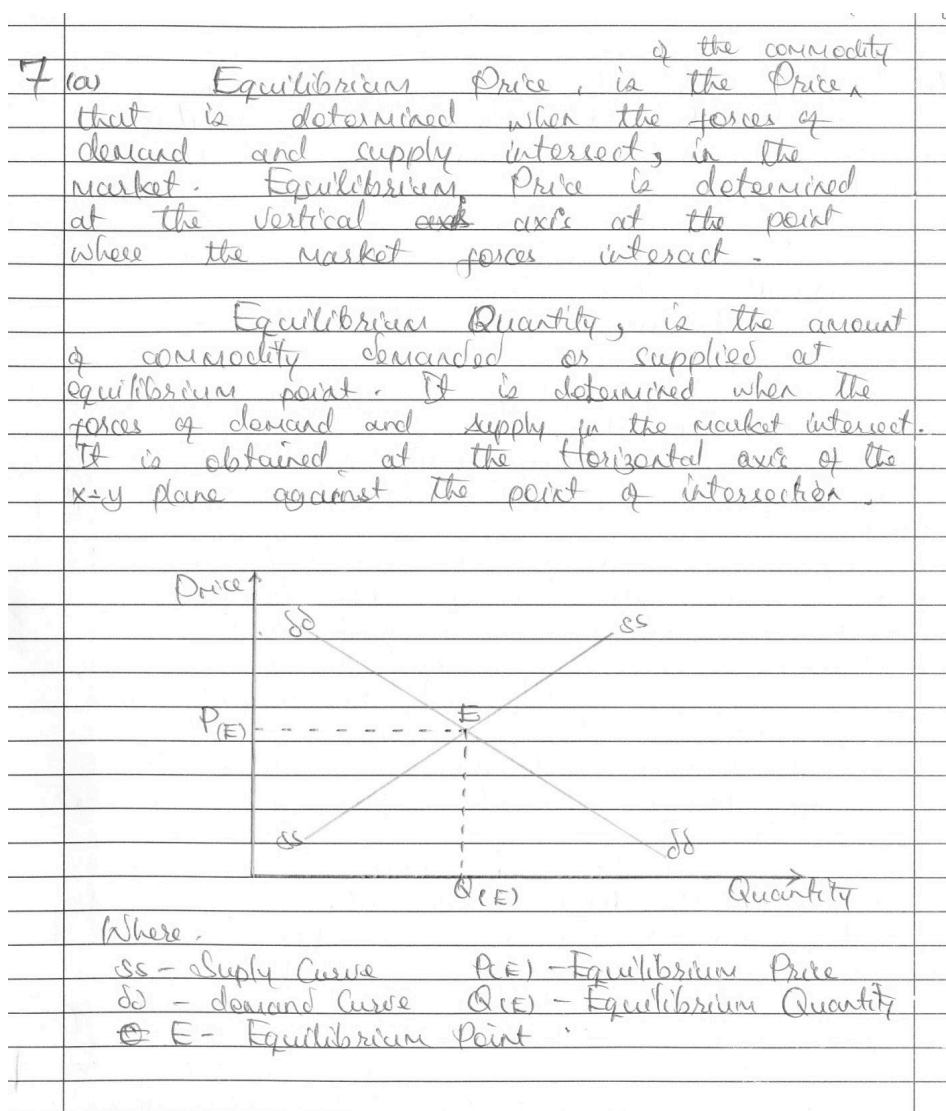
2.1.7 Question 7: Theory of Demand and Supply

The question had two parts (a) and (b). In part (a) candidates were required to distinguish between equilibrium price and equilibrium quantity while in part (b) candidates were required to explain the factors which determine the level of demand for any commodity.

This question was attempted by 78.3 percent of the candidates of which 28.3 percent scored from 16 to 20 marks, 58.4 percent scored from 11 to 15.5 marks, 11.6 percent scored from 6 to 10.5 marks, only 1.5 percent scored from 1 to 5 and 0.1 percent scored a 0 mark out of 20 marks. This data shows that the candidates' performance in this question was good.

The candidates who scored high marks in part (a) of the question were able to distinguish between equilibrium price and equilibrium quantity. They provided the distinction by using a clear diagram and well organized flow of ideas on the equilibrium point as seen in extract 7.1.

Extract 7.1

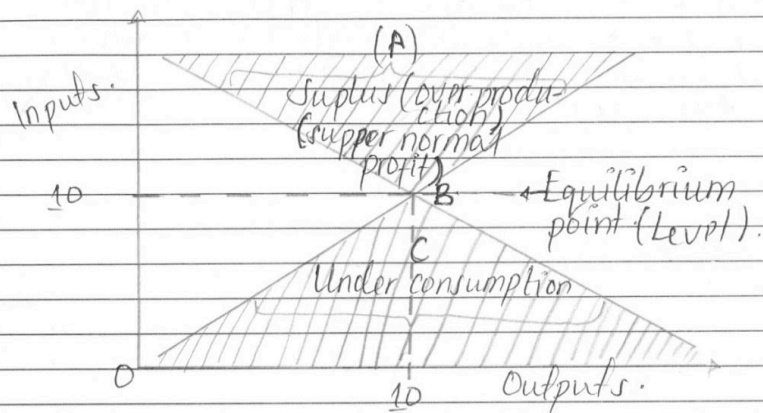


Extract 7.1 shows a sample of a response from a candidate who was able to distinguish between equilibrium price and equilibrium quantity by using a diagram.

On the other hand, candidates who performed poorly were unable to distinguish between equilibrium price and equilibrium quantity. The candidates explained the surplus and under consumption which was not the demand of the question. Extract 7.2 illustrates a sample of incorrect responses.

Extract 7.2

07(a) The diagram of equilibrium price and Equilibrium quantity.



Point (A) This shows that a firm has super normal profit. He gains more in which he is allowed / advised to open another firm so as he can get more profit. In point A there is employment opportunities since the owner of the firm employs more of the employees. But the firm can experience inflation since there are many things which leads to the increase of profit.

Point (B) this shows that a firm is allowed / advised to produce more so as ~~the~~ can get more profit. Here the outputs are equal with the inputs. He is advised to put more ~~emphasize~~ emphasize efforts on producing so as he can go to the third stage of super-

Extract 7.2 is a sample from a candidate who explained supernormal profit and under consumption instead of the distinction between equilibrium price and equilibrium quantity.

In part (b), some candidates managed to explain the factors which determine the level of demand for any commodity correctly. Extract 7.3 shows a sample of a good response.

Extract 7.3

7(b) Demand is the desire of an individual backed by the willingness and ability to purchase goods and services in the market given the prices of goods and services in a given period of time.

The level of demand is determined by several factors these are;

Income of the consumers- The level of income of the consumers tend to affect the level of demand of the commodity whereby, when the real income is high demand of the commodity is high and when the income falls, demand also falls.

Taxation as government policy also determine the level of demand. When Taxation, or people's incomes increases, demand diminishes due to the reduced ability of purchasing while when taxes (direct taxes) are reduced, there will be higher demand as purchasing power of individuals increase. Taxation changes / affects the purchasing power which in turn affects the level of demand.

Price Expectation as well may determine the level of demand, in the present time. When prices are expected to rise in the future, there would be more demand in the present time while when price are expected to fall in the future, there will be less demand in time perspective due to the fact that the lower the price the higher the demand.

Extract 7.3 shows a sample of a response from a candidate who explained factors which determine the level of demand for any commodity.

On the other hand, candidates who performed poorly in part (b) of the question were unable to explain the factors which determine the level of demand for any commodity. One candidate explained the reasons to why demand curve is negatively sloped instead of the factors which

determine demand for a commodity. This shows that the candidate had a lot of misconception. Extract 7.4 illustrate a sample of such a response.

Extract 7.4

b	<p>Demand is the willingness and ability of the consumers or customers to buy goods or services at a specific period of time and place. The exception of demand are those factors which go against with the nature of demand, which state that the higher the price the lower quantity demanded and the lower the price the higher quantity demanded. Let us see the reasons to why demand curve is negatively sloped.</p> <p>Firstly, Ignorance of the people, this means that the people are not aware with the price in the market. And they may purchase much though that product will sell in low price at the market.</p> <p>Secondly, Income of the people, this means that when the income of the consumer will be low tends to purchase normal goods like vegetables but the income of the consumer change he or she will not buy vegetables rather than buying meat or rice. And this reason made the demand curve to sloped from left to right.</p> <p>Thirdly, Fear of the price of product to rise in future. This means that when the consumers fear that the price will rise in future tends to buy more even if the price will be at high. Example if they think beans will rise they continue to buy more than the real price of that commodity.</p> <p>Fourthly, Luxury goods, this means that the consumers buy those luxury goods even the it will be sold in high price. And this luxury goods are like cars and people buy it for the status of herself or himself.</p> <p>Fifthly, New customers in the market, this means that when new customers enter in the market will purchase more that commodity because will be selling in low price and resulting in the negatively sloped from left to right.</p> <p>Demand is the ability or willingness of the customers to buy goods and services at specific period of time and place. The reasons on why the demand curve sloped from left to right including ignorance of the people, income of the people, fear of the price to rise and luxury goods.</p>
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Extract 7.4 shows a sample of a response of a candidate who explained reasons for a demand curve to slope downward instead of the factors which determine demand for a commodity.

2.1.8 Theory of the Firm

This question had two parts, (a) and (b). In part (a) the candidates were required to calculate total variable cost, total fixed cost, marginal cost

function and the level of output while in part (b) candidates were required to explain the elements of monopolistic competition.

This question was attempted by 79.0 percent of the candidates. The analysis of the candidates' performance in this question shows that the general performance was good as 5 percent scored from 16 to 19 marks, 49.7 percent scored from 11 to 15 marks, 38 percent scored from 6 to 10.5 marks, 6.8 percent scored from 1 to 5.5 marks and 0.5 scored a 0 mark out of 20 marks.

The candidates who had high scores in part (a) were able to calculate total variable cost, total fixed cost, marginal cost function and the level of output correctly and met the requirement of the question. Extract 8.1 shows a sample of a good response.

Extract 8.1

8	a)
	(i) Calculate Total variable cost.
	Soln
	$TC = TFC + TVC$
	$TVC = TC - TFC$
	$TVC = TC - TFC$
	$TC = 20Q^2 + 4Q + 2000$
	$TR = 1000Q + 8$
	Find Marginal Cost
	$MR = 40Q + 4$
	$MR =$
	$MC = \frac{\Delta TC}{\Delta Q}$
	$MC = \frac{d(20Q^2 + 4Q + 2000)}{d(Q)}$
	$MC = 40Q + 4$
	$MR = \frac{\Delta TR}{\Delta Q}$
	$MR = \frac{d(1000Q + 8)}{d(Q)}$
	$MR = 1000$
	then $MC = MR$
	$40Q + 4 = 1000$
	$40Q = 1000 - 4$
	$Q = \frac{996}{40}$

8	$q = 24.9$
	then $TC = 20(24.9)^2 + 4(24.9) + 2000$
	$12400.2 + 99.6 + 2000$
	$TC = 14499.8$
	Total Fixed cost is when output is equal to zero (0) then TFC is when equal to TC when output is equal to zero (0)
	$TC = 20q^2 + 4q + 2000$
	$TC = 20(0)^2 + 4(0) + 2000$
	$TC = 2000 = TFC$
	$TFC = 2000$
	Then total variable cost is
	$14499.8 - 2000 = 12499.8$
	(i) <u>The total variable cost is 12499.8</u>
	(ii) Total Fixed cost (TFC)
	TFC is equal to Total cost when output is zero
	$TFC = 20(0)^2 + 4(0) + 2000$
	$TFC = 2000$
	(ii) <u>Total Fixed cost is 2000</u>

Extract 8.1 shows the response from a candidate who managed to calculate the total variable cost, total fixed cost, marginal cost function and the level of output which maximises profit.

However, the candidates who scored a zero mark in part (a) of the question were not able to use and apply the appropriate formulas in calculating the total variable cost, total fixed cost, marginal cost

function and the level of output which maximises profit. Extract 8.2 shows a poor response.

Extract 8.2

08(a) ii/ $Q = \frac{1}{125}$.

$Q^* = -83.33$.

Then $1000q + 8$

where $q = -83.33$.

$1000(-83.33) + 8$.

$= -83,322$.

\therefore Total fixed cost (TFC) is $-83,322$ Answer.

iii/ Marginal Cost Function.

$MC = TC - TR$.

$\Rightarrow 20q^2 + 4q + 2000 = 1000q + 8$.

$\Rightarrow 20q^2 + 4q - 1000q = 8 - 2000$.

$\Rightarrow 20q^2 - 996q = -1992$.

$20q^2 - 996q$

$\cdot 20q^2 - 996q = -1992$.

\therefore Marginal cost function is $20q^2 - 996q = 1992$.

$\therefore MC = 20q^2 - 996q = 1992$.

iv/ level of output which firm maximizes profit.

Extract 8.2 is a sample of a response from a candidate who failed to calculate the total variable cost, total fixed cost, marginal cost function and the level of output which maximises profit.

In part (b), those who scored high marks managed to explain elements of monopolistic competition and met the requirements of the question. Extract 8.3 shows a sample of a good response.

Extract 8.3

2	The following are the elements of Monopolistic Competition -
	There is many sellers in the market. as unlike in monopoly the monopolistic competition have many firm which producing product hence it show that there is high degree of competition. It is like in perfect competition where by there is many firm with many consumers of the product.
	Barrier of Entry are relative small. in Monopolistic competition barrier of Entry of new firm are relative small. firm are allowed to join the industry and engage in production of goods and services hence it lead to great output and growth of the Economy.
	Firms produce similar but differentiate d product. the firm in the industry they produce similar product but differentiated in term of quality, packaging and price they offered according to the extent of competition available in the Market.
	Easy movement of resources. In Monopolistic competition there is easy movement of resources from one firm to another so as to maximize production. Example firm may share resources like labour, capital, research, technology hence increases production of goods and services.
	Freedom of choice to consumers. the consumer had wide range of choice, this is because goods produced are differentiated in term of quality quantity, package, price hence they can choose which good to consumer. In monopoly the consumer have no varieties of choice

Extract 8.3 shows a sample of a response provided by a candidate who explained the elements of monopolistic competition.

On the other hand, the candidates who scored a zero mark in part (b) of the question provided the features of monopoly and perfect

competition instead of the elements of monopolistic competition as seen in Extract 8.4.

Extract 8.4

8. b. Monopoly is the type of market where there is a single firm controlling the market. For example, Coca-Cola company. Monopoly is determined by so many features and it is not necessary for it to advertise, hence it is characterised by the following elements:

- Homogeneity: The products ~~set~~ produced and sold by monopoly market are homogenous and the firm sells it even without advertising.
- Single firm in the market: Only one firm runs the market and no other firm is existing in the market.
- The firm is a price maker: The firm decides its price itself without interference because it is the only one and superior of the firm.
- High entry and exit: There is a lot of money barrier to enter in the market as a single firm is to control the whole market and provide good services to the people.
- Many buyers: The consumers are many in the market as they all fight to get needs and they are sold at the price introduced.
- Products produced has no close substitute: This is like the Coca-Cola company and PANESCO, there is no substitute for that so even when they are sold at high price people still consume at high demand.
- Finally, monopolistic: it has no competition because there is only ~~one~~ a single firm in the market and so people buy even without bargaining as they are price takers of that firm and the firm is a price maker.

Extract 8.4 presents a sample of a response from a candidate who provided the elements of monopoly and perfect competition instead of the elements of monopolistic competition.

2.2 Paper 2: Economic Development

2.2.1 Question 1: Economic Planning

This question had two parts, (a) and (b). In part (a) the candidates were required to outline five features of an economic plan while in part (b) candidates were required to give reasons on why economic planning is ineffective in Developing countries like Tanzania.

The question was attempted by 83.5 percent of the candidates. The candidates' performance in this question shows that only 3.3 percent scored from 0 to 5.5 marks, 20.3 percent scored from 6 to 10.5 marks, 52.5 percent scored from 11 to 15.5 marks, 23.2 percent scored from 16 to 19.5 marks and 0.7 percent scored full marks. This data shows that candidates' performance in this question was good.

In part (a), the candidates who scored high marks managed to outline the features of an economic plan. He/she had sufficient knowledge and skills in explaining features of economic plan Extract 1.1 shows a sample of a good response.

Extract 1.1

1a) Economic plan is a set of objectives, resource mobilisation and achievements of a certain economic project with the mobilisation of certain range of resources so that to achieve it.

The following are features of an economic plan;

Plan objective, any economic plan should have a certain kind of objective which wanted to be achieved. Example objective of planning can be achieving high rate of employment, with this objective they can start the economic plan rely on this objective.

Plan policies and strategies, these are set of strategies and policies that are to be implemented on the objective of plan. This will explain how the plan is going to be conducted. Example as the plan objective of achieving high rate of employment then government may decide to increase its expenditure to as to achieve it.

Extract 1.1 shows a sample of a response from a script of a candidate who managed to outline the features of economic plan.

On the other hand, the candidates who scored low marks in part (a) of the question misunderstood the requirements of the question. They explained the features of economic development instead of the features of economic plan. Extract 1.2 shows a sample of an incorrect response.

Extract 1.2

1(a)	<p>Economic plan is the process which the government + plan how to operate various economic activities like Agriculture, Mining and Education. Features of Economic plan are as follows:</p> <p>Development of Infrastructures. It the Country is well developed in means of Infrastructures like road, Hospitals telecommunication and others seems to be planned.</p> <p>Employment opportunities also is another feature of economic plan. Any Country which have many chance means that of employment means that it has good economic plan.</p> <p>Technological Improvement. The Improvement of technology interm of Industries also is a good Indicator of the development planning.</p> <p>Education growth also is another feature of the development plan. Building up of many education Institution indicate the good plan of the development.</p> <p>Rise in Agriculture production. When the production of Agriculture increase it indicate and facilitate the panning of other development activities.</p> <p>Good Standard of living of people interm of Food, Shelter and clothes also is another feature of development plan of an Country.</p> <p>Hence the mentioned above are some of the features of development planning.</p>
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Extract 1.2 shows a sample of a response that scored low marks as the candidate provided the features of economic development instead of the features of an economic plan.

In part (b), the candidates who scored high marks managed to give reasons on the ineffectiveness of economic planning in developing countries like Tanzania. Extract 1.3 shows a sample of a good response.

Extract 1.3

16/ Many developing countries tend to have ineffective planning. The following are reasons for economic planning to be ineffective in developing countries like Tanzania;

Private sectors, in Tanzania, there are many private companies from abroad, and these companies tend to have not responsible in implementation of economic planning that are formulated by government. This made plans to be ineffective. Example in Tanzania, there are many commercial banks which are privately owned like Kenya Commercial bank (KCB) and is unreliable in implementation of economic planning like when government plan to reduce inflation by using monetary policy of selective credit control this private sector may be reluctant as they will continue to provide credit for those sectors (even though are restricted to be given loan) which have higher security.

1b)	<p>Unreliable data, many low developed countries tend to have unreliable data due to poor research. With this unreliable data it becomes difficult for plans to be achieved, hence economic planning are ineffective. Example with unreliable data may locate industries where there are few skilled labour and low market. This will make plan to be ineffective.</p> <p>Dependency on foreign aid, as they depend to get loans and other financial support from abroad. Sometimes we fail to get those financial support and our plans become ineffective due to lack of fund. And sometimes these aids are tied with conditionalities which may hinder its effectiveness.</p> <p>Political Instabilities, such as civil war, resulting into poor implementation of economic plan. As due to wars, those resources which have been setted in order to implement plan becomes directed in solving political instabilities and also the already achieved plans like infrastructure construction may be destructed. This make plans to be ineffective.</p> <p>Corruption and irresponsible leaders, many leaders in Tanzania and other developing countries tend to be irresponsible and corrupt in such a way that they fail to mobilize resources for economic planning implementation instead they use it for their own interest. This result into ineffective economic planning.</p>
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Extract 1.3 shows a sample of a response from a script of a candidate who managed to provide reasons as to why economic planning is ineffective in developing countries like Tanzania.

However the candidates who scored low marks in part (b) of the question failed to understand the requirements of the question and provided the points such as controlling resources, overproduction, and

employment instead of the reasons on the ineffectiveness of economic planning in developing countries like Tanzania. Extract 1.4 shows a sample of a poor response.

Extract 1.4

(b) Economic planning is the process whereby the economic sectors planning in order to rise the the future production.

The following are the ineffective economic planning with development countries like Tanzania.

It lead to the controlling resources through the way of planning of economic it can lead to control the resource in the process of utilized hence reduce the uses in the process of destruction.

It lead to controlling the over production in their. These countries like Tanzania economic planning it helps to controlling over production which can be cause the inflation of the goods hence cause the decrease of the economics.

It lead to controlling employment to the developing country through controlling economic people employment will be equal which can not be occurs their full employed of the people with the countries like Tanzania.

Economic planning help the standard life of the people through an balance of their factors of production of labour, capital and land to be fixed in the production of good and services.

Economic planning it lead to the development of the different sector of economic due to the presence of labours and capital in low levels.

The above explanation are the ineffective economic factors in the process of planning within developing countries like Tanzania.

Extract 1.4 shows a sample of a response from a candidate who provided points such as controlling resources, overproduction and employment which are irrelevant to the question.

2.2.2 Question 2: Public Finance

This question required the candidates in part (a) to analyse six factors determining taxable capacity while in part (b) they were required to describe four functions of a National Budget.

The question was attempted by 38.2 percent of the candidates. The analysis of the candidates' performance in this question shows that the general performance was good as 1.6 percent scored from 16 to 18.5 marks, 22 percent scored from 11 to 15.5 marks, 51.1 percent scored from 6 to 10.5 marks, and 25.3 percent scored from 0 to 5.5 marks out of 20 marks.

In part (a), those who scored high marks were able to analyse the factors determining taxable capacity correctly and met the requirements of the question. Extract 2.1 shows a sample of a good response.

Extract 2.1

Qc)	<u>FACTORS DETERMINING TAXABLE CAPACITY.</u>
	Taxable capacity is the ability of a person to pay tax or the amount of tax imposed. Taxable capacity is determined by the level of GDP, income distribution, stability of income the population, the taxation system, the economic system of a country.
	The Gross Domestic Product. Taxable capacity is determined by the level of the countries' gross domestic product. This is the measure of the money value of goods produced in a country in a given year. The higher gross domestic product, the higher the taxable capacity because people have more income and the lower the ^{income} taxable capacity the lower the taxable capacity.
	The level of population. When there is high level of population in a country the taxable capacity tend to be low because the per capita income is low. When there is low level of population, the optimum population, taxable capacity is higher.

The taxation system in use. Progressive taxation system usually lead to high taxable capacity compared to other tax system. Proportional taxation lead to low taxable capacity. This is because, in progressive, more tax will be imposed on rich than the poor and hence increases taxable capacity. In proportional and regressive taxation more tax is imposed on low income group and they pay less hence low taxable capacity.

The economic system in which it operate. In most cases, taxable capacity is higher in capitalist economic system and it is lower in socialist economic system. This is because, in capitalist economic system there are a lot of private sectors and hence they pay tax but in socialist economic system most of the enterprises are owned

Extract 2.1 is a sample of a response from a candidate who managed to analyse the factors determining taxable capacity.

On the other hand, the candidates who scored low marks in part (a) of the question failed to understand the requirements of the question. One candidate provided points such as technology used, tax evasion, and black market which do not answer the question instead of the factors which determine taxable capacity. Extract 2.2 shows a sample of a poor response.

Extract 2.2

2 (a) The following are the factors that determine Taxable Capacity.

Technology Used. If the technology Used in Collection of tax is higher like the Use of Electronic Machines then the Taxable Capacity is higher and If technology Used in collection of tax is Low then the Taxable Capacity will be Low.

Tax evasion. If there is high rate of tax evasion then the Taxable Capacity will be Low while If there is Low rate of tax evasion then the Taxable Capacity will be High.

Black Market. If in the Market there is ~~the~~ the selling and buying of commodity illegal then the Taxable Capacity is Low, If No Black Market Taxable is high.

Extract 2.2 is a sample of a response from a candidate who wrote some points which do not answer the factors which determine taxable capacity.

In part (b) of the question, the candidates who scored high marks were able to describe the functions of a national budget correctly and met the requirements of the question. Extract 2.3 shows a sample of a good response.

Extract 2.3

2b)	<u>FUNCTIONS OF NATIONAL BUDGET</u>
	National budget is a statement summary of the government anticipated revenue and expenditure. A national budget may be balanced budget, deficit budget or surplus budget. Functions of national budget are as follows:
	To stabilize the general price level. During deficit budget, the government experiences an increase in the general price level (inflation) and it regulate by borrowing from the public in terms of selling security to reduce money supply.
	Provision of public goods and services. The government expenditure is used in the provision of health, service, water, electricity to the public. This is done through the public expenditure.
	Reducing and eliminating the balance of payment deficit. This is done by taxing more on import of goods and services than export. The government may receive more revenue from import tariffs to control the balance of payment deficit.
	Improvement of country's capital goods and increase in wealth of a country. The government can spend on maintenance and constructions of large buildings, bridges, roads. This increases country's stock of resources.

Extract 2.3 shows a sample of a response from a candidate who scored high marks. The candidate was able to describe the functions of a national budget.

On the other hand, the candidates who performed poorly in part (b) of the question failed to describe the functions of a national budget. The candidate described the importance of national budget such as it shows income and expenditure of a country instead of the functions. Extract 2.4 shows a poor response.

Extract 2.4

Q2.	Explain / describe the function of National Budget
cb.	
	<u>National Budget</u>
	The national budget is a special budget which is prepared by the government under the ministry of Finance which shows the income of a country and how that country is going to spend spend its (that) income. The national budget is prepared each and every year and is normally read in the Parliament. The following are the functions of the national budget
	Shows income + expenditure of a country: Through the national budget, it shows how the government got its income including revenues from taxes, grants and loans

Extract.2.4 shows a sample of a poor response extracted from a candidate who explained the importance of national budget instead of the functions of national budget.

2.2.3 Question 3: Financial Institutions

This question had two parts (a) and (b). In part (a) candidates were required to explain six differences between Central Bank and Commercial Bank while in part (b) candidates were required to provide four main objectives of the Central Bank in controlling credit.

The question was attempted by 33.3 percent of the candidates. The performance in this question shows that 0.4 percent scored a 0 mark, 14.4 percent scored from 0.5 to 5.5 marks, 50.3 percent scored from 6 to 10.5, 33.5 percent scored from 11 to 15.5 marks 1.4 percent scored from 16 to 18 marks out of 20 allotted marks. The performance in this question was good.

In part (a), most of the candidates who performed this question well managed to explain the differences between Central bank and Commercial bank such as Central bank is owned by the government while Commercial bank is owned by the individual group or by shareholders. Extract 3.1 shows a sample of a good response.

Extract 3.1

Q(a) Central bank is owned by the government, where by the central bank is established by the government and owned by the government while commercial bank is owned by the individual group or by the share holder and the intend of increase their benefit.

Central bank aims at development, maximization or economic growth, due to the control of credit in order to archive the economic growth while commercial bank aims at profit maximization due to the fact that it charges high interest interest to the borrowers in order to increase or to create adequate profit.

Central bank is the apex bank and custody and management of foreign exchange in the country where it protects the outflow of gold by fixing the foreign exchange while commercial bank deals only with the credit creation so as to increase the amount tendered out by cheque.

Finally central bank and commercial bank plays the similar role in the economy where by they helps in economic growth with stability by checking on unemployment and inflation but also deflation.

Extract 3.1 shows a sample of a correct response from one of the candidate who managed to distinguish Central bank from the Commercial bank.

On the other hand, the candidates who performed poorly in part (a) of the question were unable to distinguish Central bank from the Commercial bank. The candidate wrote the points such as central bank is a main initiator of a Commercial bank, Commercial bank advance loans to the central bank and Commercial bank is for business which is irrelevant to the requirements of the question. Extract 3.2 shows a sample of an irrelevant response.

Extract 3.2

The difference between Central bank and Commercial are as follows;
 Central bank is the main initiator of the other Commercial. Meaning it direct and control monetary measure while Commercial bank follows the orders to the central bank for the case there is increase in money supply or decrease in money supply.
 Commercial bank may advance loan to the central bank for the case there is deficit in its account while central bank gets its loan from world bank.
 Commercial bank is the bank created for trade business. It allow people to loan money and opening different investment where they return in terms of rate of interest while central bank is the bank for the public it resolve the country's problem in generally.
 Central bank gets its money from revenue collector, all taxes charges both direct and indirect by the government to the people are collected from central bank. While Commercial bank gets its money from its clients when they save money in their banks.

Extract 3.2 shows a sample of a poor response of a candidate who failed to distinguish between Central bank and Commercial bank.

In part (b) of the question, the candidates who performed relatively well were able to provide the main objectives of the Central bank such as to stabilize the internal price, to control the business cycle and to stabilize foreign exchange. A sample of such responses is shown in extract 3.3.

Extract 3.3

36) Central bank is the apex bank to all of the banks in the country which controls and supervises the implementation of the monetary policy. Bank controlling credit is the process where the central bank controls the lending power of commercial banks by bank rate, open market operation and variation in the reserve ratio of commercial banks. The following objectives of controlling credit:

To stabilize the internal price the central bank controls the credit in order to stabilize the internal price by eliminating (curbing) of inflation and also the central bank controls the deflation so as to stabilize the price.

To control the business cycle also the central bank controls the credit in order to control the business cycle by controlling of the massive supply of money and lower amount of supply of money that will have an adverse effect to the economy.

To stabilize of foreign exchange also the central bank control the credit in order to stabilize of the foreign exchange, whereby, it can adopt devaluation in order to reduce the amount of imports and increase the amount of the goods and services exported.

Extract 3.3 shows a sample of a response from a candidate who provided the main objectives of controlling credit correctly.

On the other hand, most of the candidates who scored low marks in part (b) misunderstood the question. Some provided the tools used to control money supply while others explained the functions of the central banks instead of the main objectives of controlling credit. Extract 3.4 shows a sample of an incorrect response.

Extract 3.4

3 b) especially in deflation period so as to increase money supply in the circulation. Also it can buy securities, shares and bonds from people in deflation times so as to increase money supply in the circulation.

Reserve requirement, This is a minimal amount that a commercial bank should maintain. The central bank may order the commercial bank to increase the reserve requirement during inflation so as to reduce money supply in the circulation, and also it may order it to reduce the reserve requirement so as to increase money supply in the economy during deflation.

Interest Rate, The central government may increase the interest rate, so when the commercial banks borrow from it, it should return high amount of money, thus this will reduce the money supply in the economy during inflation, and may also reduce the interest rate, so as to increase money supply in the circulation during deflation.

Special deposit, Also The central bank may force the commercial banks to deposit some money in the central bank so as to reduce the money supply in circulation so as to control inflation.

Conclusion, The following are the roles of the central bank in any country, to control inflation and deflation; to impose fiscal and monetary policies, to ensure economic growth of a country and to promote balance of payment and to control Trade.

Extract 3.4 is a sample from a candidate who provided the tools used to control money supply and functions of a central bank instead of the main objectives of the central bank in controlling credit.

2.2.4

Question 4: National Income

This question had two parts, (a) and (b). In part (a) the candidates were required to calculate gross national product at factor cost, net national product at factor cost, net domestic product at factor cost and net domestic product at market prices from the given national income data while in part (b) candidates were required to explain five importance of national income analysis.

The question was attempted by 41.8 percent of the candidates. The performance in this question shows that 21.7 percent scored from 16 to 19.5 marks, 39.3 percent scored from 11 to 15.5 marks, 28.9 percent scored from 6 to 10.5 marks and 9.1 percent scored from 0.5 to 5.5 marks and 1.0 scored a 0 mark out of 20 marks. This data indicates that candidates' performance in this question was good.

The candidates who scored high marks in part (a) were able to calculate the Gross National Product, Net National Product, Net Domestic Product at factor cost, and Net Domestic Product at market price correctly and met the requirements of the question. Extract 4.1 shows a sample of a good response.

Extract 4.1

04.	$GMP_{mp} = 97503 \text{ ml}$
	$MIFA = -201 \text{ ml}$
	$Depr = 5699 \text{ ml}$
	$Indirect \text{ tax} = 10576 \text{ ml}$
	(i) Gross National product at factor cost (GMP_{fc}).
	$GMP_{fc} = GMP_{mp} + \text{Subsidies} - \text{Indirect Tax}$
	$GMP_{fc} = 97503 - 10576$
	$GMP_{fc} = 86927 \text{ million shs.}$
	(ii) Net National product at factor cost (NMP_{fc}).
	$NMP_{fc} = GMP_{fc} - \text{Depreciation.}$
	$NMP_{fc} = 86927 - 5699$
	$NMP_{fc} = 81228 \text{ million shs.}$
	(iii) Net domestic product at factor cost (NDP_{fc})
	$NDP_{fc} = GDP_{fc} - \text{Depreciation.}$
	$GDP_{fc} = GMP_{fc} - MIFA$
	$GDP_{fc} = 86927 - (-201)$
	$GDP_{fc} = 86927 + 201$

Extract 4.1 shows a sample of a response from a candidate who managed to calculate the figures of gross national product at factor cost, net national product at factor cost, net domestic product at factor cost and net domestic product at market price.

On the other hand, the candidates who failed to give correct answers were unable to apply the appropriate formula to calculate the gross national product, net national product, net domestic product at factor cost, and net domestic product at market price. Extract 4.2 shows a sample of a poor response.

Extract 4.2

4. (a) Data Given:

$$GNP_{mp} = 97503 \text{ Million}$$

$$\text{Net factor income from abroad (NfA)} = 201 \text{ Millions}$$

$$\text{Capital Consumption (Depreciation)} = 5699 \text{ Millions}$$

$$\text{Net indirect taxes and} = 10576 \text{ Millions}$$

i) $GNP_{fc} = ?$

soln:

$$GNP_{fc} = GNP_{mp} + \text{Subsides} - \text{indirect tax}$$

or

$$GNP_{fc} = GNP_{mp} + NfA (x-M)$$

$$= (97503 - 201) \text{ Millions}$$

$$\therefore GNP_{fc} = 97302 \text{ Millions}$$

ii) $NNP_{fc} = GNP_{mp} - \text{Net indirect tax}$

$$NNP_{fc} = (97503 - 10576) \text{ Millions}$$

$$\therefore NNP_{fc} = 86927 \text{ Millions}$$

iii) $NDP_{fc} = GNP - NNP$

$$NDP_{fc} = 97302 - 86927$$

$$NDP_{fc} = 10375 \text{ Millions}$$

$$\therefore NDP_{fc} = 10375 \text{ Millions}$$

Extract 4.2 is a response from a candidate who failed to apply the correct formula to calculate figures of gross national product at factor cost, net national product at factor cost, net domestic product at factor cost and net domestic product at market price.

In part (b) of the question, candidates who scored high marks managed to explain the importance of national income as seen in extract 4.3.

Extract 4.3

57 (b) National Income is the ^{money} value of goods and services collected in a country within a year. National Income involve those goods which are final goods not intermediate goods. The intermediate goods are not included in analysis of national income. The followings are the importance of National Income Analysis which are as follows:-

It help to know whether the economy is growing or not the data of national income help to know whether the economy is growing or not and at what rate. If the national income is high it means that the economy is ~~bring~~ growing.

It help to determine the per capita income; this is the income which owned by an individual. The figure of national income may help to know whether the per capita income is low or high. Therefore national income analysis is useful in measuring per capita income.

National Income analysis is used in planning. The planning in employment, expenditure depend on the level of national income a country may use the data of national income to plan on various issue it can be in social, political and economic planning.

National Income analysis is useful in research scholar. The research is possible due to the presence of data of national income where the research on investment, demand, inflation and employment depend on the availability

Extract 4.3 shows a sample of a response from a candidate who provided the explanations on the importance of national income.

On the other hand, the candidates who scored low marks in part (b) of the question failed to understand the requirements of the question. Instead of explaining the importance of national income, a candidate wrote that "it helps to know the number of people, it reduce burden to the government", which did not explain the importance of the national income. Extract 4.4 shows a sample of a poor response.

Extract 4.4

#④ National income refers to the sum of the market values of goods and services produced at a country per given period of time. The following are the advantages of National income:-

- It helps to know the number of people who are employed and those who are not employed. due to the total number of sum of goods produced within the country.
- It reduces the burden to the government through increasing the National income in the country, then the country reduce dependency in the foreign aid.
- There are various causes of National income like the availability of Labour, availability of Natural resources, the personal talent, the availability of advanced technology etc.

Extract 4.4 shows one of the incorrect answers extracted from a candidate who failed to explain the importance of the national income.

2.2.5 Question 5: Environmental Economics

This question had two parts (a) and (b). In part (a), the candidates were required to describe five possible reasons for the existence of externalities while in part (b) candidates were required to explain five ways to reduce pollution.

The question was attempted by 29.2 percent of the candidates. The analysis of the candidates' performance in this question shows that 0.4 percent scored a 0 mark, 25.6 percent scored from 0.5 to 5.5 marks, 53.2 percent scored from 6 to 10.5 marks, 18.3 percent scored from 11 to 15.5 marks, 2.5 percent scored from 16 to 19 marks out of 20 marks. This data shows that candidates' performance in this question was good.

In part (a) of the question, the candidates who scored high marks managed to provide clear explanations and had well organized flow of ideas on the reasons for the existence of externalities as seen in extract 5.1.

Extract 5.1

5 ©	The following are the reasons for the existence of externalities.
	Incomplete property rights; The influence of the firms and other production machineries such as the industries have incomplete property rights of the own of the major means of production, therefore the production improves the increase of the products and also leads to the environmental pollution.
	Lack of developed market; The influence of the market which are not developed influence the products of the market to be involved in the utility of the consumer but the market also influence the environmental problems in the society and hence leads to the externalities.
	Interdependence between production and consumption; The influence of the dependence of the production activities such as the produce of the goods in the production process influence the rise of the environmental problem and the consumption satisfies the needs of the people.
	Interaction between economic system and the environment; The influence of the economic activities such as production depend on the environment and the environment depend on the economic system this led to the positive and negative outcomes of the third world parties.
	Natural resources; The influence of the extraction of the natural resources from the environment lead to the influence of occurrence of the positive and negative outcomes to the third parties hence led to environmental pollution and also leads to source of raw materials.

Extract 5.1 shows a sample of a response from a candidate who managed to describe possible reasons for the existence of externalities.

On the other hand, the candidates who performed poorly in part (a) of the question failed to give reasons for the existence of externalities. Some explained the points such as scale of the firm, position of the firm

and capital invested which are not the reasons for the existence of externalities. Extract 5.2 shows an irrelevant response from a candidate.

Extract 5.2

5a) Externalities are divided into two groups which is Positive externalities and Negative externalities, the following are reason of existence of externalities.

Scale of the firm is one of the reason which describe the externalities where it's positive or negative. positive is the advantage gained of being big and negative are the disadvantages a firms gets example pollution.

Position of the firm matters in determining the existence of externalities in populated area Industries will provide negative externalities.

Capital Invested matters in knowing the largeness of the firm.

By concluding externalities should be controlled especially the negative externalities for the betterment of the country.

Extract 5.2 shows a sample of a poor response from a candidate who explained the scale of production, position of the firm and capital invested instead of the lack of developed market, interaction between the economic system, incomplete property rights and market failure.

In part (b), the candidates were required to explain ways to reduce pollution. The candidates who scored high marks explained the ways to reduce pollution which shows that the candidate had sufficient knowledge on the concept of environmental economics. Extract 5.3 shows a sample of a correct response.

Extract 5.3

5. (b)	The following are the ways to reduce the pollution.
	Pollution tax; The should the introduction of the pollution tax, that the taxes should be charged to the firms or industries or any activity or a person who cause the pollution in the environment, where by they tend to influence the occurrence of reduction of the pollution.
	Bargaining solution; The one who pollute the environment and hence cause some of the problems to the environment should be influence to bargaining with the third parties who faced the problems of pollution, hence will lead to the influence in reducing pollution.
	Registration or direct control; The influence of the presence of the pollution to be reduce is to introduce the registration of the firms or industries which cause the environmental pollution and hence to be known which will reduce their pollution hence to be allowed to produce by the government.
	Tradeable emission allowance; The firms or industries should be given the amount of the pollution to be produced and hence the large pollutant should by the licence to the small pollutant of the firms which have been allowed.
	Provision of subsidy; The government should provide the subsidies to the firms or industries which cause low pollution to the environment and hence led to the influence of the existence of the firms and industries to reduce the pollution and hence acquire loans and grants or credit.

Extract 5.3 shows a sample of a response from a candidate who scored high marks. The candidate managed to explain the ways to reduce pollution.

However, the candidates who scored low marks failed to explain the points which are relevant to the question due to poor mastery of the topic. For examples they wrote on "employing expertise in conserving environment, that diplomats should train people and on placing posters" instead of explaining the ways to reduce pollution. Extract 5.4 shows a sample of a poor response.

Extract 5.4

5/6) Employing expertise in conserving the environment, where the towns and other place are maintain clean through out the day.

Deplemats Should traine people onto how the environment is conserved so as the can teach other people.

Placing posters along the area example roads, schools, hospital so as it can remain an individual on the importance and it will rededure the pollution.

By concluding pollution should be controled so as we can have a health community for better development.

Extract 5.4 shows a sample of a response from a script of a candidate who scored a zero mark. The candidate failed to explain ways to reduce pollution due to insufficient knowledge on the topic.

2.2.6 Question 6: Economic growth and development

This question had two parts (a) and (b). In part (a) candidates were required to give out five points to support the statement which says that Economic Growth may not necessarily lead to Economic Development while in part (b) candidates were required to explain five determinants of economic growth.

The question was attempted by 18.2 percent of the candidates of which 2.0 percent scored a 0 mark, 32.4 percent scored from 0.5 to 5.5 marks, 47.3 percent scored from 6 to 10.5 marks, 17.9 percent scored from 11 to 15.5 marks, 0.4 percent scored from 16 to 18 marks out of 20 marks. This data shows that candidates' performance in this question was good.

In part (a) of the question, the candidates who performed relatively well were able to support the statement saying Economic growth may not necessarily lead to economic development. They managed to provide explanations with examples. A sample of such responses is shown in extract 6.1.

Extract 6.1

Q. 6. @. Economic growth refers to the quantitative improvement in economic level of the country while Economic development refers to the quantitative and qualitative change in the economic levels of a country. Economic growth may not necessarily lead to Economic development due to the following points.

Economic growth can be achieved with income disparities or income inequalities. While economic development is achieved with equality in income distribution, therefore economic growth not necessarily lead to economic development in a country.

Economic growth can be achieved with environmental degradation, while economic development includes the preservation and protection of the environment from degradation, hence therefore not necessarily lead to economic development.

Economic growth also can be achieved with low living standards and high poverty level of the people while Economic development involves the improvement in the living standards of the people and reduction in poverty level, therefore economic growth not necessarily lead to economic development.

Economic growth can also be achieved with no change in technology while Economic development include the change and improvement in technological level, therefore due to this, economic growth not necessarily lead to economic development.

Extract 6.1 shows a sample of a response from a candidate who managed to provide the reasons supporting “Economic growth may not necessarily lead to economic development”.

On the other hand, the candidates who scored low marks in part (a) of the question provided the negative causes of economic growth instead of the points to support the statement saying economic growth may not

necessarily lead to economic development. Extract 6.1 shows a sample of incorrect response.

Extract 6.2

Qn 6(a) Economic growth is the quantitative ~~and~~ increase of production in a given country. While economic development involves both qualitative and quantitative increase of production in a given country. Economic development includes economic growth and increase of welfare of the people. Therefore, economic growth can lead to negative outcomes apart from welfare of economic development. It is proven as follows:-

Causes economic instability by importation of inflation from another country. Or by devaluation of currency so as to increase export to have favourable terms of trade.

Causes negative economic externalities which affect the welfare of the people at large. Economic growth is associated with environmental pollution from industries and other machines. This leads to diseases and environmental degradation at large.

Allocation of resources in production of unnecessary goods. Economic growth is associated with allocation of resources to produce goods which are harmful but marketable to human beings like beer, cigarettes and stimulating drugs. They deteriorate welfare thus low the level of economic development.

Extract 6.2 shows a sample of incorrect responses from one of the candidates who provided irrelevant answers to support the statement.

In part (b) of the question, the candidates who scored high marks understood the requirements of the question, the candidates had sufficient knowledge of explaining the determinants of economic growth correctly. Extract 6.3 shows a sample of a good response.

Extract 6.3

6	
(b)	The following are the determinants of Economic growth.
	Availability of Labour. Economic growth is mostly determined by the available labour power or human resources which can be employed in different economic activities so as to boost the growth and development levels in a country.
	Technical progress. The level of technology applied in different production activities such as in industries and agriculture can also determine the economic growth. Growth is mostly influenced by advanced technology which can lead to high level of economic development in an area.
	Natural resources. The available natural resources also may determine the economic growth of a country such that the presence of many effective natural resources such as land, minerals can influence growth and development of an economy.

Extract 6.3 shows a sample of a response from a candidate who explained the determinants of economic growth.

On the other hand, some candidates who failed to give correct answers failed to explain the determinants of the economic growth. They provided points such as per capital income, national income and employment level which did not answer the question. Extract 6.4 shows a sample of a poor response.

Extract 6.4

mc67	The following are the determinants of Economic growth:-
	High Per capita income. The income per head being high indicates highly economic growth. Where low per capita income that is low income per head in the population indicates low economic growth.
	High National income of the country. The higher the national income the higher the economic growth of the country. The lower the national income indicates slow economic growth of a country in production activities like industries.
	Employment level of population in a given country. The higher the employment level due to investments indicates increase in income and life standard thus economic growth. The lower the level of employment leads to low income and life standard thus low economic growth.
	Taxable capacity. The higher the taxable capacity or income of individuals the higher the economic growth since tax is used in development of many other sectors. The lower the taxable capacity the lower the national income.

Extract 6.4 is a sample from a candidate who failed to give correct answers by writing per capita income, national income of a country, and taxable capacity.

2.2.7

Question 7: Structure of Tanzania Economy

This question required the candidates in part (a) to differentiate between backward and forward linkage as applied in economic sectors while in part (b) candidates were required to outline four roles and five problems of small scale industries in the economy of Tanzania.

This question was attempted by 8.1 percent of the candidates. The candidates' performance in this question was good as only 0.3 percent scored a 0 mark, 19.9 percent scored from 0.5 to 5.5 marks, 55.9 percent scored from 6 to 10.5 marks, 22.8 percent scored from 11 to

15.5 marks, and 1.1 percent scored from 16 to 18 marks out of 20 marks.

In part (a) of the question, the candidates who scored high marks had knowledge on the concept and so managed to distinguish backward and forward linkage between sectors. Extract 7.1 shows a sample of a good response.

Extract 7.1

7(a)	Difference between backward and forward linkage as applied in economic sectors.
	Backward linkage is where one sector of the economy provide raw material to another sector of the economy. For example agricultural sector provide raw materials to industrial sectors.
	while
	Forward linkage is where one sector of the economy provides market for goods produced by another sector. For example agricultural sector provide market for industrial goods such as tractors, fertilizers and others.

Extract 7.1 shows a sample of a response from a candidate who managed to distinguish between backward linkage and forward linkage.

The candidates who scored low marks in part (a) of the question failed to respond as required. The candidates provided the distinctions between backward linkage and forward linkage as economic sector during colonialism and economic sector after independence respectively instead of backward linkage is where one sector provides raw material to another sector while forward linkage is where one sector of the economy provides market for goods produced. A sample of such responses is shown in extract 7.2.

Extract 7.2

Ja The Backward and forward Linkage of economic sector differ because the backward linkage explain the economic sector during the colonialism rule while forward linkage explain the economic sector after the independence of the country.

For example the Backward Linkage of Agriculture sector during colonialism it was force full in nature and products cultivate were cash crops like coffee and Tea while the forward linkage of agriculture sector explain agriculture sector after independence that it based on production of food crops and cash crops.

Extract 7.2 shows a sample of a response from a script of a candidate who failed to distinguish backward and forward linkage.

In part (b) of the question, the candidates who scored high marks provided explanations with necessary key words and had well organized flow of ideas on the roles and problems of small scale industries in the economy of Tanzania correctly. A sample of such responses is shown in Extract 7.3.

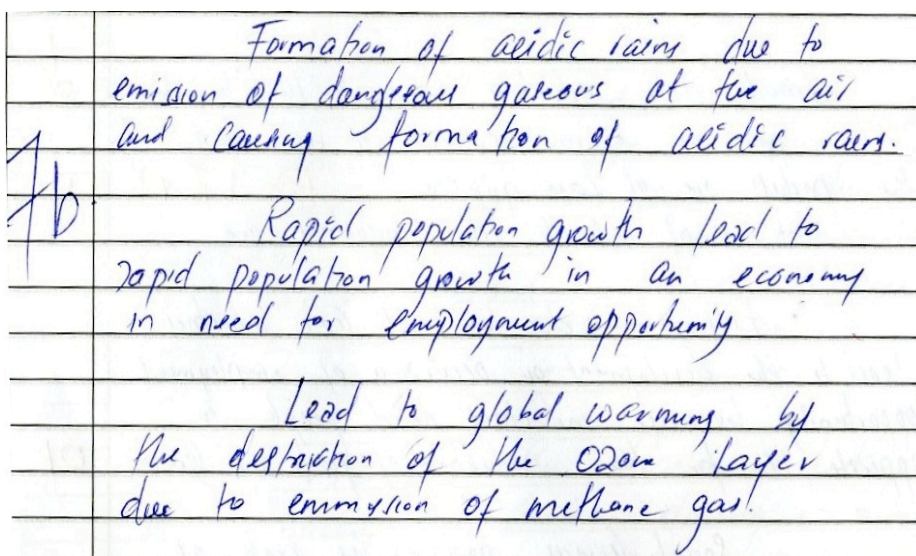
Extract 7.3

7b)	To outline four roles and five problems of small scale industries in the economy of Tanzania.
	Roles of small scale industries:
	- To provide goods and services needed by the people. Small scale industries usually produce goods and services which are demanded by the people in the community. This is because they have contact with customers.
	- To provide market for locally produced raw materials. Small scale industries use local raw materials which leads to increase in their demand. This is because they are not using advanced technologies in production.
	- To provide ground for future investment. Small scale industries provides ground for future investment because they can be expanded and become large scale industries with large capital outlets and capital profit.
	- Small scale industries provides foreign earnings to the country due to export.
	Exportation of goods and services by small scale industries to other countries leads to increase in foreign currency in the country. For example US Dollars, Kenyan shillings and others.

Extract 7.3 shows a sample of a response from a candidate who was able to outline the roles and problems of small scale industries as required.

However, the candidates who performed poorly in part (b) provided irrelevant answers in this question. The candidate provided incorrect roles of small scale industries in the economy. Extract 7.4 shows a sample of a poor response.

Extract 7.4



Extract 7.4 shows a sample of a response of a candidate who failed to understand the requirements of the question. The candidate wrote things like rapid population growth and global warming.

2.2.8 Question 8: International Trade

This question had two parts (a) and (b). In part (a) candidates were required to elaborate four reasons for international trade while in part (b) candidates were required to analyse six advantages of international trade in the economic development of Tanzania.

The question was attempted by 88.7 percent of the candidates, of which 0.1 percent scored a zero mark, 4.9 percent scored from 1 to 5.5, 31.4 percent scored from 6 to 10.5 marks, 53.7 percent scored from 11 to 15.5 marks, 9.9 percent scored from 16 to 19.5 and 0.1 percent scored 20 marks out of 20 allotted marks. The performance in this question was good.

In part (a) of the question, the candidates who scored high marks understand the requirements of the question. The candidate managed to elaborate the reasons for international trade such as differences in

natural resources and factor immobility. Extract.8.1 shows a sample of a good response.

Extract 8.1

8.	<p>a) International trade refers to the exchange of goods and services across the boundary. International trade involves more than one country in trading activities. The following are the reasons for international trade which are,</p> <p>Differences in natural resources among countries cause that country to trade together. Natural resources like Minerals forests cause countries to produce differentiated product hence attract people to trade together. For example presence of Tanzanite Minerals in Tanzania only.</p> <p>Factors immobility, immobility of factors of production like labour, land cause production of commodities to differ among countries. Land can not move from one country to another. Countries trade together so that they can have the product of others.</p> <p>Geographical and climatical differences, cause production of commodities among countries to differ. Countries which are located in cold areas, the production of that areas can differ to the areas which have high temperature.</p>
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Extract 8.1 shows a sample of a response from a candidate who managed to elaborate reasons for international trade.

On the other hand, the candidates' who scored low marks failed to understand the requirements of the question. The candidates provided points centered on the number of population instead of the reasons for international trade such as differences in natural resources, differences

in human skills, gain from trade, uneven distribution of capital and climatic condition. Extract 8.2 shows a sample of a poor response.

Extract 8.2

8. a) International trade refers to the exchange of goods and services across the boundary. International trade involves more than one country in trading activities. The following are the reasons for international trade which are,

Size of population, number of people living in a country can cause that country to trade to other country. If there are many number of people in an area can cause that country to import commodity from other country because they can not produce commodities which can satisfy all.

Extract 8.2 shows a sample of a response of a candidate who failed to Understand the requirements of the question. The candidate wrote only the size of population.

In part (b) of the question, the candidates who scored high marks understood the requirements of the question. The candidates were able to analyse the advantages of international trade. Extract 8.3 shows a sample of a good response.

Extract 8.3

86. The following are the advantages of international trade in the economic development of Tanzania which are:

- Helps other country to import commodities which are not produced in the country. Importation of commodities can help that country to solve problem of shortages of food.
- Widens the market, international trade it widens the market because product produced can be sold inside the country and outside the country. Due to enlargement of market cause the countries to increase production.
- Increase Government revenue, international trade increases Government revenue through paying tax. Selling of the product inside and outside the country increases income to the country.
- Sources of foreign currency, international trade it is a source of foreign currency because people are trading together from different countries which enable that country to receive foreign currency.
- Encourages research and innovation, through international trade country would specialise in production of commodity in which it has own facility. Also country may conduct research so as to identify the needs of the people.
- Improves international peace and relations, through international trade peace and security among countries must be improved. Country can improve relationship with the other through trading together.

Extract 8.3 shows a sample from a response of a candidate who analysed the advantages of international trade in the economic development of Tanzania correctly.

On the other hand, the candidates who scored low marks failed to understand the requirements of the question. The candidate explained the problems of international trade instead of the advantages of international trade. Extract 8.4 shows a sample of a poor response.

Extract 8.4

Problems which facing International trade are

International trade: Refers to the trade which was world wide where the independent country were joined together so that they can revamp their economic status.

The following bellow are the major Problems that were facing the International trade during their interaction. Such as

Protectionism was among of the problem where this was major policy of trade which was introduce so that people of a certain nation should reduce or stop Importation of goods and to increase exportation which was not fair hence led to the occurrence of these problems.

Differences in currency where there was some country which join the trade their local money had no values to compare to other nation. For example The amount of money Tanzania differ in term of value with the amount of united state of America hence led to the collapse.

Difference in language also was among of obstacles which hindering the development of trade because of difficultness during the process of transaction which was conducted at that time.

Extract 8.4 is a sample of a response from a candidate who explained the problems of international trade instead of the advantages of international trade.

2.2.9

Question 9: Economic Integration and Cooperation

The candidates were required to explain five importance of economic cooperation in part (a) of the question while in part (b) candidates were

required to describe five problems which can be faced in economic integration.

The question was attempted by 81.5 percent of the candidates. 3.1 percent scored from 0 to 5.5 marks, 26.3 percent scored from 6 to 10.5, 54.6 percent scored from 11 to 15.5 marks, 15.9 percent scored from 16 to 19.5 marks and 0.1 percent scored 20 marks out of 20 allotted marks. This data shows that candidates' performance in this question was good.

The candidates who scored high marks in part (a) of the question were able to understand the requirements of the question. The candidates explained the importance of economic cooperation correctly. Extract 9.1 shows a sample of a good response.

Extract 9.1

9@	Economic cooperation is the cooperation between
	two or more sovereignly state. whereby it involve bilateral-
	economic cooperation and multilateral economic cooperation.
	The following are the importance of
	Economic cooperation :-
	Transfer of technology ; The cooperation
	between two countries for example Tanzania and China

can facilitate transferring of technology can be due to importation of goods.
Stimulates employment ; the economic cooperation between countries can expand the size of market hence production will be improved and more people will be employed in production areas:
Increase in the welfare of the people ; This is due to that people can get varieties of commodities from another country in cooperation
Encourage investment ; Investment ; for example more investment have increase in Tanzania due to economic cooperation with the United States of America hence it leads to economic development.
Expansion of trade ; An economic cooperation can lead to expansion of trade activities among the countries in cooperation hence stimulate the economic development.

Extract 9.1 shows a sample of a response from a candidate who was able to explain the importance of economic cooperation.

However, the candidates who scored low marks in part (a) failed to understand the requirements of the question. They explained incorrect points such as storage facilities, provide permanent membership to its members instead of the importance of economic cooperation. Extract 9.2 shows a sample of a poor response.

Extract 9.2

9. b) Economic Cooperation

These are formation of organization of cooperation which will stand for guiding different sector like Mining, Agriculture and these have the following importance;

Storage of facilities; It help in storage of facilities because cooperation can keep a facilities than other sector which can lead to the destruction of goods.

q. They are provide permanent membership; To its member they are provided a permanent member in order to ensure its supply and this will help member to have permanent cooperation which will lead on his production.

Extract 9.2 shows a sample of a response from a candidate who was unable to provide the importance of the economic cooperation correctly.

In part (b) of the question, the candidates were required to describe the problems facing economic integration. Those who scored high marks understand the requirements of the question. The candidate was able to describe problems facing economic integration. Extract 9.3 shows a sample of a good response.

Extract 9.3

7(b)	<p>Economic Integration means the uniting of economies of two or more countries for example the East African Community involving of Tanzania, Kenya, Uganda, Rwanda and Burundi.</p> <p>The following are problems which can be faced in Economic Integration:-</p> <p>Unequal distribution of gains; Unequal distribution of gains can exist among the countries in the integration in such a way that one country is more benefiting than the rest of the countries in economic integration.</p> <p>Political Misunderstanding; This can exist among the leaders in the integration for example the Misunderstanding that which occurred between Tanzania and Rwanda who are the members of East African Community.</p> <p>Currency differences; The currencies differences among the countries in the integration can bring problem during the time of trade and bring about difficulties towards smooth trade.</p> <p>Loss of revenue; There will be loss of revenue due to abolition of tariffs on commodities either exported or imported.</p> <p>Poor infrastructure; especially in developing countries they face the problem of poor transport and communication network hence discourage labour mobility as well as the market for the produced products.</p>
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Extract 9.3 shows a sample of a response from a candidate who managed to describe problems in economic integration.

However, the candidates who scored low marks explained incorrect points such as exploitation of resources and one side to become dumping of unwanted goods instead of problems faced in economic integration. Extract 9.4 shows a sample of a poor response.

Extract 9.4

9.	<p>⑥ Economiz Intergration</p> <p>This is the relationship between two country which intergrate to each other on economiz activities only. Tanzania also is one of the country who are in Eion omiz Intergration. The following are the problem which can be faced in Economic Intergration;</p> <p>Exploitation of resources; due to economiz intergration it can led to the exploitation of one resource of or between two country which they have relation in economiz activities.</p> <p>One side to become dumping of unwanted or fake goods; thus it affect the development of a country due to the importation of goods which can affect economy and people also.</p>
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Extract 9.4 shows a sample of a response from a candidate who failed to describe problems in economic integration.

2.2.10 Question 10: Structure of Tanzania Economy

This question had two parts, (a) and (b). In part (a), the candidates were required to describe six challenges facing agricultural sector in Tanzania while in part (b) candidates were required to explain how price fluctuations of agricultural products affect the economic growth of Tanzania.

The question was attempted by 73.8 percent of the candidates, of which 4.3 percent scored from 0 to 5.5 marks, 46.7 percent scored from 6 to 10.5 marks, 40.5 percent scored from 11 to 15.5 marks, 8.4 percent scored from 16 to 19.5 marks and 0.1 percent scored 20 marks out of 20

allotted marks. This data shows that candidates' performance in this question was good.

In part (a) of the question, the candidates who performed relatively well were able to describe the challenges facing agricultural sector in Tanzania. They provided a description with a well organized flow of ideas on challenges facing agricultural sector. Extract 10.1 shows a sample of a good response.

Extract 10.1

10	<p>Agriculture refers to the cultivation of crops and keeping of animals. Agricultural sector is the main sector which depended in the Tanzania economy. Agricultural sector face the following challenges:</p> <p>Pests and diseases, these affects the crops which leads to the crops to reduce its quality. Therefore this will results to the fall in price due to fall in quality.</p> <p>Low capital, agricultural sector do not have enough fund which this limit the use of advanced technology such as the use of tractors which will lead to high production.</p> <p>Climate variation, the frequent change in the climate condition, affect the agricultural sector especially during the dry season, where the crops are drying which lead to low output.</p> <p>Price fluctuation in the world market, the change in price affect also the agricultural sector especially when the price of the product will fall.</p> <p>Poor infrastructure, these includes roads and railway in Tanzania the infrastructure are of poor quality which limit the transportation of commodities or raw materials from the farm to the industries and from industries to the markets.</p> <p>Poor storage facilities, the agricultural sector have no enough storage facilities which used to store the products, so this will lead to the decay of crops and a fall in the quality of crops.</p>
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Extract 10.1 is a sample of a response from a script of a candidate who managed to describe the challenges of the agricultural sector.

On the other hand, the candidates who scored low marks were not able to describe the challenges facing agricultural sector in Tanzania. The candidate described the importance of agriculture instead of the challenges facing agricultural sector. Extract 10.2 shows a sample of a poor response.

Extract 10.2

10(a)	<p>Agriculture refers to the human activities that involves the crop cultivation and animal keeping, and the following are the importance of agriculture sector in Tanzania's development.</p> <p>Provide employment opportunities, In Tanzania there are many people in the rural areas who have been employed in the agriculture sector where by due to the agriculture they get their own income that help them in living.</p> <p>Provide the raw materials, for the industries, the industrial development in Tanzania is support by the raw materials which are produced from the Agriculture sector for example vital, cotton and tea.</p> <p>Provide the foreign currency, the exportation of the raw material to the other countries and other agricultural crops normally provides the foreign currency to our country which help to the development of social services.</p> <p>Stimulate development of transport and communication, the agriculture sector in Tanzania influences much to the extension of more infrastructure for example roads and railways in different parts of our country.</p>
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Extract 10.2 shows a sample of a response from a candidate who explained the importance of agriculture instead of a challenges facing agricultural sector in Tanzania.

In part (b) of the question, candidates who scored high marks were able to explain how price fluctuations of agricultural products affect

the economic growth of Tanzania. Extract 10.3 shows a sample of a good response.

Extract 10.3

10b)	Price fluctuation refers to the increase or decrease in price of commodities in the market. Price fluctuation of agricultural product may lead to the following effects to the economic growth of Tanzania:-
	Unemployment problem, this will occur due to the fact that the frequently change of price in the market will discourage people to produce more so this will result to the unemployment.
	Balance of payment problem, this will happen when the price changes over time the demand for product will be low which the cost of production will be high so importation will exceed exportation.
	collapse of infant industries, the price fluctuation will lead to the fall of domestic industries since the products produced will be bought at lower price, therefore producers will be discouraged to produce more hence fall in industries.
	Increase in dependence, price fluctuation may lead to over dependence on foreign products, since the domestic product will seem as of low quality, therefore people will demand more the products from foreign countries.

Extract 10.3 shows a sample of a response from a candidate who managed to explain the effects of price fluctuations of agricultural products.

On the other hand, the candidates who scored low marks in part (b) of the question were not able to explain how price fluctuations of agricultural products affect the economic growth of Tanzania. One candidate was awarded low marks because the response given was

incorrect as he/she explained *it leads to incur losses* instead of the effects of price fluctuation. Extract 10.4 shows a sample of a poor response.

Extract 10.4

10	(b) The following are the effects of Price fluctuation of Agricultural products to the It lead the to incur Losses. The govern- ment of Tanzania incur Losses due to Price Fluctuation because When the the Government buys Products with from Agriculturalists When the price was high then If the price will fall while Government still donot sell that products it Means will incur losses that Africa affects
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Extract 10.4 shows a sample of a response from a candidate who wrote that it leads to incur losses instead of how price fluctuations of agricultural products affect the economic growth of Tanzania.

3.0

CONCLUSION

The analysis given in this report has shown some of the difficulties the candidates encountered and the potentials which candidates had in Economics subject. The candidates showed strength in all topics examined since the analysis of the candidates' performance in this paper shows that all candidates scored 30 percent and above. The best performed topic was Theory of Demand and Supply in which the candidates had the average of 98.3 percent. More effort needs to be taken in the topic of Economic growth and Development where the average performance was 65.6 percent. (See Appendix).

Generally, the 2014 Economics Examination performance was good in all topics because the candidates had enough knowledge and skills in the topics which were tested.

4.0

RECOMMENDATIONS

In order to have better performance in future, it is recommended that:

- (a) Students should be encouraged to solve as many questions as possible. Through practice, they will learn different techniques of tackling examination questions.
- (b) Teachers should guide and encourage students on the use of English Language in teaching and learning of Economics so as to develop students language and writing skills.
- (c) Teachers should cover the syllabus well so as to enable candidates to tackle all topics.

Appendix

Analysis of Candidates performance per Topic in Economics Subject

S/No	Topic	Question number	Percentage of the candidates who scored the Average of 30% or above	Remarks
1	Theory of Demand and Supply	1	98.3	Good
2	Economic Integration and Cooperation	1	96.9	Good
3	Economic Planning	1	96.7	Good
4	International trade	1	95	Good
5	Subject matter of Economics	1	93.8	Good
6	Theory of the Firm	1	92.7	Good
7	Theory of money	1	91.1	Good
8	National income	1	89.9	Good
9	Privatization	1	89	Good
10	Structure of Tanzanian Economy	2	87.8	Good
11	Population	1	87.6	Good
12	Trade cycle	1	87.6	Good
13	Financial Institutions	1	85.2	Good
14	Public Finance	1	74.7	Good
15	Environmental Economics	1	74	Good
16	Market	1	66.4	Good
17	Economic growth and Development	1	65.6	Good