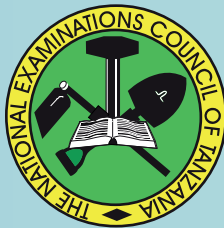


THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEMS RESPONSE ANALYSIS REPORT
FOR THE ADVANCED CERTIFICATE OF SECONDARY
EDUCATION EXAMINATION (ACSEE) 2016**

151 ECONOMICS

THE NATIONAL EXAMINATIONS COUCL OF TANZANIA



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151 ECONOMICS

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FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Advanced Certificate of Secondary Education Examinations (ACSEE) 2016 items response analysis report in Economics subject. The analysis provides feedback to students, teachers, parents, policy makers and the public in general on the performance of the candidates.

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, the 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 intends to contribute towards the understanding of possible reasons behind the candidates' responses in Economics Subject. The report highlights some of the factors that made the candidates to score high marks in the questions. Such factors include ability to; adhere to the demand of the questions, identify task of the questions, express themselves in the English language and the acquisition of knowledge of the concepts related to the subject. On the other hand, the report highlights factors which made few of the candidates to score low marks in the examinations. Such factors include; failure to adhere to the demand of the questions, failure to identify the task of the questions and lack of knowledge of the concepts related to the subject. 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 and the public in general that can be used for improving future items response analysis reports in Economics Subject.

Finally, the Council would like to thank the examination officers and all who participated in analyzing the data used in the analysis.



Dr Charles E Msonde

EXECUTIVE SECRETARY

1.0 INTRODUCTION

This report on the performance of the candidates in Advanced Certificate of Secondary Education Examination, 2016, in Economics subject is based on the analysis of individual questions per topic.

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

A total of 11,826 candidates sat for the ACSEE 151 Economics paper out of which 11,505 candidates (98.00%) passed this examination while 235 candidates (2%) failed. Generally, the candidates' performance in this subject declined by 1.7 percent compared with that of 2015 in which out of 7,442 candidates who sat for that examination, 7,418 candidates (99.70%) passed and 22 candidates (0.3) failed.

This report provides the analysis of each question by briefly giving an overview of what the candidates were required to do, the way they responded, the reasons for their good/poor performance. In this analysis, a question/topic is graded as poorly performed, averagely performed or good performed using the following pass rate: 0 – 34 percent (0 - 6.5 marks) weak, 35 – 59 percent (7 - 11.5 marks) average and 60 – 100 percent (12 - 20 marks) good. Special colours have been used to show the candidates' performance whereby green stands for good, yellow for average and red for weak as seen in the graphs and in the Appendix. Some extracts of the answers showing candidates responses have been included.

2.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE IN EACH QUESTION

2.1 PAPER 1: 151/1 ECONOMIC THEORY

2.1.1 Question 1: Subject Matter of Economics

The question had two parts, (a) and (b). In part (a), the candidates were required to outline four salient features of a mixed economy and give reason why Tanzania can be sighted as an example of a mixed economy. In part (b), the candidates were required to give five reasons of studying Economics.

The question was attempted by 80.3 percent of the candidates, out of which 42.3 percent scored from 12 to 20 marks, 42.9 percent scored from 7 to 11.5 marks, and 14.8 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 1 shows the distribution of the candidates' scores.

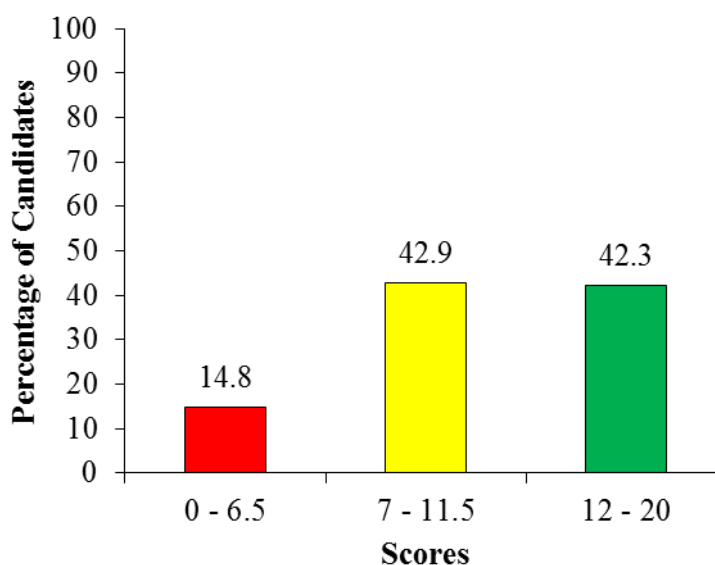


Figure 1: Candidates' Performance in Question 1

Candidates who performed well in this question were able to outline the salient features of a mixed economy and give reason as to why Tanzania can be sighted as an example of a mixed economy. For example, in part (a), most of them outlined the salient features of mixed economy such as co-existence of

both public and private sectors and joint venture of some investments (government and private sector). In part (b), the candidates were able to provide correct responses demanded by giving reasons of studying economics such as: provision of tools for economic policy analysis, helping the government to check inflation and helping the trader to determine gains in international trade. Moreover, they were able to defend each of them with explanations as seen in Extracts 1.1.

Extract 1.1.

1. @	<p>Mixed economy, This is the economic system where there is both private sector and public sector operating hand in hand in the economy. The salient features of the mixed economy are as follows.</p> <p>Allocation of resources is done by both the private sector and public sector, where by in the mixed economy resources are allocated by private sectors to maximize their profit and by public sector to maximize the welfare of the people in the society.</p> <p>Economic decision is made by both central planning authority and price mechanism, all of the economic decision involves both the government involvement in decision and the use of the market forces of demand and supply to decide on economic issues.</p> <p>Price determination by both the government and price mechanism where by the government set the minimum or maximum price to protect producers or consumer and price being set by the market forces of demand and supply.</p> <p>Existence of both private sector and public sectors, In the mixed economy there are both sectors owned by private individuals like private schools, hospitals and private institutions and also public sectors owned by the government such as government hospital, public schools and government institution which really aim at maximizing welfare of the people.</p>
------	--

cont 1① Tanzania can be sighted as an example of mixed economy country due to that there is existence of both private sector which are owned by private individuals like private hospitals like K's hospital, private schools like St Mary's primary and secondary school and also having government or public sectors which are owned by the government such as government hospitals example Mhimbili hospital and government schools example Mkupe primary school.

Also in Tanzania price is being determined by both forces of demand and supply which is price mechanism and also their price control in which price is being set by the government.

1② Economics according to Lord Robbins is a science which studies human behaviour as the relationship between ends and scarce means which have alternative uses. The reasons for studying economics are as follows.

Proper allocation of resources, The study of economics help people to have efficient utilization and allocation of resources which are being scarce or limited in supply so as to meet the demand and satisfy utility.

Utility maximization, This is the ability of goods and services to satisfy human wants the study of economics may help people to allocate well the resources in a way that they can satisfy the human wants by scarce resources.

ont 1 (b)	Price determination, The study of economics help us to understand how price may be determined in the economy which by be through the government, bargaining, by treaty, Through price mechanism and by rate auction price may be determined in the market of the economy.
	Cost minimization, The study of economics educate the people on how the scarce resources may be used in a cost way of minimizing cost which will encourage the profit maximization, sales maximization, utility and welfare maximization.
	Creation of development policies, the study of economics help the people in a way that the policies created by the economists may lead to the development of the country example deval devaluation policy.

Extract 1.1 is a response from the candidate who managed to outline the salient features of a mixed economy and give reason as to why Tanzania can be sighted as an example of a mixed economy in part (a). In part (b) the candidate explained the reasons of studying economics.

Some candidates who performed averagely, answered one part of the question correctly and the other part incorrectly and others answered inadequately in both parts. In part (a) for example, one candidate outlined few salient features of mixed economy like *presence of private and public sectors, allocation of resources is done by individuals and the government* but failed to support the points with valid explanation. In part (b), the candidate identified less than the required reasons of studying economics like *it help people to get jobs, it helps people to know different things, it help people to solve their economic problems.*

However, few of the candidates (14.8%) who performed poorly in this question failed to provide correct responses. For instance in part (a), some of the candidates misunderstood the question and outlined the characteristics of the capitalist economy such as *surplus of production, freedom of choice and emergencies of classes* which were incorrect. Majority of them were unable to give a reason of why Tanzania can be sighted as an example of a mixed economy for example one candidate ended up by writing *Tanzania is likely to be practicing it*.

In part (b), most of the candidates failed to provide the required reasons for studying economics. Some explained few reasons than the required while others provided incorrect responses. For example one of the candidates responded on the reasons showing why economics is regarded to be a science by providing points such as: systematic study, scale of measurement, economic laws and predictions instead of the reasons of studying economics. A sample of a poor candidate's response is shown in extract 1.2.

Extract 1.2

1.	
	(a)
	Mixed economy is a system which is both characterised by socialist and capitalist characteristics. This is the best economic system because it takes into consideration both economic systems. Tanzania is an example of this system due to following reasons:
	Government is a price maker - In Tanzania the central government with the help from BOT are the price makers; they put prices for each commodity produced within the country. This is among features.
	In Tanzania there is full utilisation of resources, resources are fully utilised in Tanzania that is a sign that there are both systems in Tanzania which are capitalist & socialist.
	Freedom of Allocation of resources, there is freedom in Allocation of resources in Tanzania. Both capitalist or socialist can allocate resources and through that is where we can get full utilisation of resources.
	In Tanzania there is freedom of choice; customers are free to choose on what they wish to get. This is among features of Mixed Economic system.
	Free Investment in Tanzania is a normal thing and if the country's economic system were capitalist that would have been impossible.
	Therefore Mixed Economic system is the best economic system and Tanzania is very lucky to be practising it because it takes into consideration both capitalist & socialist economic systems.

Extract 1.2 presents a sample of one of the candidate's poor responses. In part (a) of the question he/she explained features of capitalist economy instead of the salient features of mixed economy.

2.1.2 Question 2: Production

This question had three parts (a), (b) and (c). The candidates were required to: (a) distinguish time rate system from piece rate system (b), provide four advantages and four disadvantages of time rate system and (c) provide four advantages and four disadvantages of piece rate system.

The question was attempted by 11.9 percent of the candidates out of which 43 percent scored from 12 to 18 marks, 41.1 percent scored from 7 to 11.5 marks,

and 15.9 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 2 shows the distribution of the candidates' scores.

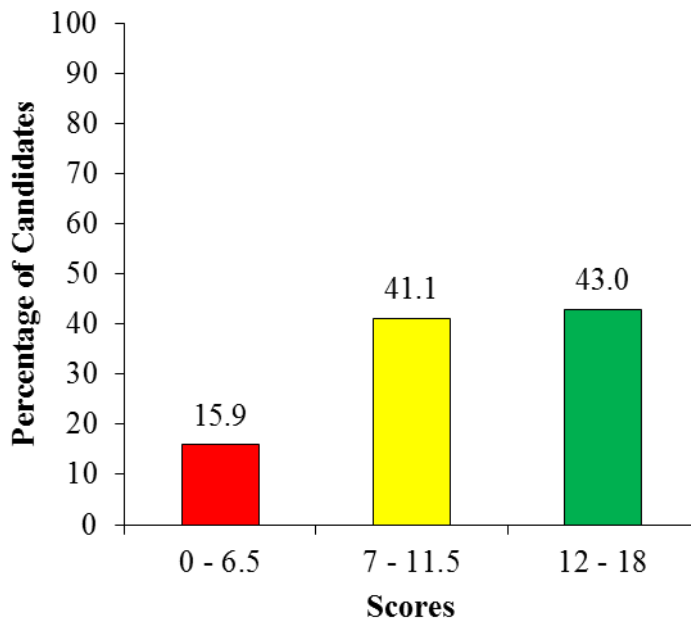


Figure 2: Candidates' Performance in Question 2.

The candidates who scored high marks were able to distinguish time rate system of payment from piece rate system in part (a). Furthermore, they provided the advantages of time rate system such as workers will not feel overworked, easy to calculate wage payment, improvement of quality of output and disadvantages such as: low output, require supervision for people and discourages efficiency. In part (b) and (c) the candidates were able to provide the advantages of piece rate such as enjoyment of economies of scale, high productivity, easy to calculate the cost of each worker and disadvantages are low quality of the product and cannot be measured quantitatively. Extract 2.1 shows a sample of one candidate who did well in this question.

Extract 2.1

2	a/	Time rate system refers to the system of paying wages where by a labour paid at the end of week or months such as; teachers, doctors and all government workers are paid at the end of month. while Piece rate system refers to the system of paying wages where by people or labour paid due to amount or quantity of work ^{they} performed, this is a system which based on the quantity so labour with high quantity paid high wages than labour with low quantity.
	b/	Time rate system refers to the methods of paying wages where by labour are paid at the end of week or month such as collar jobs labours are paid wages per month. To provide four advantages and four disadvantages of time rate system as follows by starting with advantages of time rate system; It is a suitable to the type of work which needs quality. The time rate system is a suitable to the type of work which needs quality output such as; teaching, health care, construction so it provides output of high quality It is difficult for labour to overdo work themselves. Also time rate system it difficult to the worker to overwork themselves because it is type of

2.	work which does not measure the quantity
b/	of work done but quality of the output.
	The labours assured payments
	The time rate system influence labours to
	work efficient because he or she assured
	the payments at the end of month or
	weeks. Examples; labours employed in
	government sectors such as hospitals, schools
	It influence labour efficiency.
	Also time rate system stimulate the efficiency
	of labours because the labour assured the
	payment at the end of month or work
	this makes worker to work efficiently.
	Also the four disadvantages
	of time rate system are as follows;
	It can produce small output.
	Although this output can be of high quality
	but can be of small compared to the
	piece rate system which produce high
	quantity of low quality.
	It can leads to inefficiency of
	labour. Also this methods can leads to
	inefficiency because labours assured payment
	at the end of each month or week so
	can decide to work or not working.
	It needs high supervision. The
	time rate system needs high supervision so
	as to ensure lazy workers they utilise
	well their labour capacity such as in
	private sectors.
	It is difficult to know the
	hard working and lazy labours. Also

2. c)	the employees will come to measure the amount of quantity produce and pays the wages.
	It is easy to pay bonus for the extra amount of work performed by the labours. In this system it is simple to pay bonus to those who produce high quantity of output compare to time rate system which is hard.
	The disadvantages of the piece rate system are;
	It can produce large quantity output of low quality. This because labours work so as to produce output of large quantity and get high wages and not of good quality. Labours can overwork themselves. In order to produce high quantity labours can exceed hours of working so as to produce quantity of high output which this result labour to overwork themselves.
	It can leads to occurrence of accidents. Also this methods can influence occurrence of accidents because labours will wants to work faster so that can produce output of higher or large quantity.
	The labour which work slow so as to produce goods of high quality will earn low wages compared to worker who work fast so as to produce high quantity output. So this system favor works which needs high quantity.
	Lastly the piece rate system is type of wage payments which is suitable to the type of work which needs high quantity.

Extract 2.1 shows one of the good responses from a candidate who managed to distinguish time rate system from piece rate system in part (a) and provided the advantages and disadvantages of time rate system and piece rate system in part (b) and (c) respectively. The candidate defended the points with valid examples.

Furthermore, the candidates who had average performance in this question had partial knowledge of distinction between piece rate from time rate system of wage. For example in part (a), some the candidates provided few points compared to the required advantages and disadvantages of time rate and piece rate system of wage. This depict that the candidates have little knowledge on the subject matter.

However, the candidates who performed poorly in this question were able to define the payment systems but the majority of them failed to provide the advantages and disadvantages of payment systems which correspond to the demand of the question in part (a). Others misinterpreted the concepts of piece rate system and time rate system. For example, one candidate interchanged the points which were suitable for time rate system in part (a) with those of piece rate system in part (b) and (c). A sample of poor candidate's response is shown in the extract 2.2.

Extract 2.2.

2a To distinguish time rate system from piece rate system
Time rate system is the system in which people are paid according to time in which they have produced goods while piece rate system is the system in which people are paid according to the piece

2b Four advantages and four disadvantages of ~~piece~~ ^{time} rate system
system advantages of time rate system

It does not need close supervision: time rate system does not need close supervision since people are working hard in order to get more because they are paid according to the time

It is easy to pay extra reward ^{to} hard worker: In time rate system it is easy for employer to pay extra reward to the worker who has used a lot of time in the production of goods and service and this can motivate worker to work hard

The hard worker ^{can} earn more than slow or lazy worker: When a person is working hard can earn more than the person who is lazy because the lazy worker is using little time in production

It is easy to know efficiency and inefficiency of worker: The employer can be able to know if worker is efficient or inefficient by checking the time which he/she used to ~~be~~ in production. If she/he used less time ~~with~~ get and produce small quantity it can help the employer to know that the worker is not efficient.

25 Four disadvantages of time rate system

Workers can overwork themselves: In time rate system workers can overwork themselves because they use alot of time in production so that they can earn more than others

It can lead to low quality of production: In time rate system there is possibilities of workers to produce goods of low quality since they are just performing their duties in order to earn more revenue

It is not suitable for caution workers: The time rate system it is not suitable for ~~caution~~ caution work because some people are rushing in order they can be seen that they have use alot of time so that to earn more

It is not suitable to workers which demand high quality: Time rate system it is not suitable for workers which demand high quality since people in time rate system they just want to produce large quantities but they don't care about the quality

26 Advantages and disadvantages of piece rate system

Advantages of piece rate system

Suitable for workers which demand high quality: in piece rate system workers can produce goods of high quality since they are paid according to piece which they are given

Workers can not overwork themselves: In piece rate system workers can not overwork themselves since they are assured of payment and they are not paid according to time as in time rate system

20	<p>It easy for employer to fix reward to the workers. In piece rate system the employer can fix reward to an employee. This means that the reward can change it remain fixed. Not as in time rate system.</p> <p>Worker can produce large quantity of goods. In piece rate system workers can produce large quantity of goods since they are motivated and they are assured of payment.</p> <p><u>Disadvantages of Piece rate system</u></p> <p>It need close supervision. In piece rate system there should be close supervision because since workers are assured of payment they can not perform their duties well so due to this there must be close supervision.</p> <p>It is not easy to know efficiency and inefficiency of workers. In piece rate system it is not easy for an employer to determine if there is efficient or inefficient of workers since they produce according to the pattern they have been given.</p> <p>It is not easy to pay extra reward to the hard workers. In piece rate system it is not easy to pay extra reward to the hard workers since it is not easy to recognize hard worker and lazy one.</p> <p>It is not easy to recognize hard worker and lazy worker. In piece rate system it is not easy for employer to know if a certain person is hard worker or lazy worker because they are all paid in piece rate and the person can not be recognized if he/she is working more than others.</p>
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Extract 2.2 shows one of the poor response from a candidate who was unable to distinguish time rate system from piece rate system in part (a), and interchanged the concept within the question. The candidate provided advantages and disadvantages of time rate system to piece rate system and advantages and disadvantages of piece rate system to time rate system in part (b) and (c). This indicates that the candidate misinterpreted the concepts or did not understand the instructions.

2.1.3 Question 3: Theory of Money

The question had two parts (a) and (b). In part (a), the candidates were required to explain four benefits of using money in the economy. In part (b) the candidates were required to describe six necessary criteria for good money.

The question was attempted by 96.2 percent of the candidates out of which 85.7 percent scored from 12 to 20 marks, 12.2 percent scored from 7 to 11.5 marks, and 2.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 3 shows the distribution of the candidates' scores.

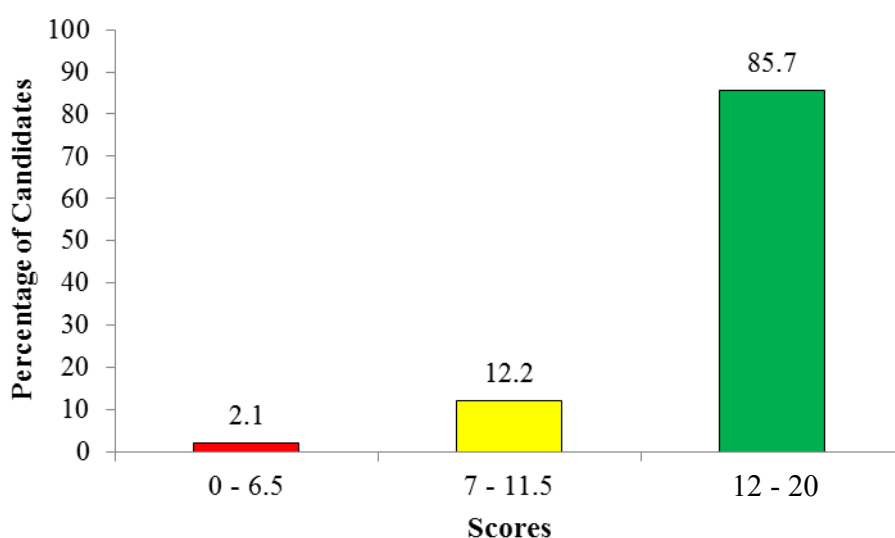


Figure 3: Candidates' Performance in Question 3.

The candidates who scored high (12-20) marks in this question managed to explain the benefit of using money in the economy. The candidates understood the demand of the question and had a good mastery of the subject matter. For example, in part (a), most of the candidates explained the benefits of using money in the economy such as storage of value of goods, can transfer economic resources and promotes division of labour. In part (b), they were able to examine the criteria (qualities) for good money such as acceptability, divisibility, durability, portability, scarcity and malleability. A sample of a good response is shown in extract 3.1.

Extract 3.1

3. a) Benefit of using money.

Money: is the anything which is generally acceptable as the medium of exchange and settling debts. Before the existence of money there was a use of Barter system. The weakness of barter system such as lack of double coincidence give rise to the existence of Money system.

The following are the benefit of using money.

It helps to store value of goods: Money is used to store the value of goods. example the perishable goods. Are the goods which are easily decomposed so they can not stay for a long time. example 'vegetables, Milk, meat. They can be sold in the market within a short period of time. The money obtained is used to store the value of that commodity.

It helps to measure the value of goods: Money is a commodity which is used to measure the value of other commodity. example when the commodity is sold at a certain price, that price shows the value of that commodity is that price. example when a pen is sold 200/- it means the value of that pen is 200/- which helps to know the value of a commodity.

Money helps to facilitate exchange: In Barter time system it was very difficult for exchange to take place because it was not easy to find a person who wants what you have and to get what you want to another person. But in Money economy one can use money to exchange. example one pay money to obtain commodity he/she wants.

help in standard of deferred payment: one can obtain the commodity and aim at paying later or pay in credit. Through Money one can pay through credit or pay the money in future time. In the Barter system it was very difficult for the person to use the goods and pay later the goods to that person.

3b). Good Money: are the money instruments of coins and bank note which possess the following criteria:

Acceptability: Good Money should be generally acceptable by the society to be used as a medium of exchange. example in Tanzania we have Tsh which is generally acceptable as a medium of exchange but it can not be used in Zimbabwe because it is not acceptable by the people of Zimbabwe. eg: Kwacha in Zambia, Ksh in Kenya and Ush in Uganda.

Divisibility: Good money should be easy to be divided from smaller, medium and large amount. examples in Tanzania there is 50 sh, 10 sh, 20 sh, 5 cent, 10 cents, 20 sh, 50 sh, 100 sh, 500 sh and 10,000 sh. This can help the exchange to take place easily at any given value of a commodity.

Durability: Good money should consist of durable materials which can stay for a long time. examples for the case of paper money. The paper used must be durable so as to avoid earlier damage of the money. It should be able to stay for a long period of time.

Portability: A Good money should not be very heavy bulky and large. Good money should be portable so that it can be carried easily at a large amount without know someone to know your carrying money. This will facilitate exchange because it is easy to carry money and go to the market for exchange.

Scarcity: A good money should be scarce so that it is not high in supply to avoid inflation. Money is put scarce to avoid inflation because it is very dangerous to the economy (hyper inflation). So Money should be scarce that is not available easily to the hands of people.

Malleability: The materials used to make money

Extract 3.1 shows one of the good response from a candidate who managed to: explain the benefits of using money in the economy in part (a), and describe the necessary criteria for good money in part (b).

The candidates who had average performance provided partial explanation on the benefits of using money in the economy in part (a). For example, one candidate explained the benefits of using money in the economy by writing that: *It satisfies your needs, Simplifies work, helps medical treatment*. Moreover, in part (b), the candidates described a few criteria for good money out of which some descriptions were correct while other descriptions were incorrect. For example, one candidate described only four uses of money and only two *acceptability* and *scarcity* were correct while the other two *indivisibility* and *instability* were incorrect.

On the other hand, few candidates (2.1%) who attempted this question performed poorly as they failed to explain the benefits of using money. In part (a), for example some of the candidates explained the demand for money instead of benefits of using money in the economy thus provided points like: *Speculative motive, Transaction motive, and Precautionary motive*. In part (b), the candidates failed to describe the necessary criteria for good money, for example, some of the candidates wrongly identified the criteria of good money but they failed to give correct explanations. Extract 3.2 shows the sample of the candidates who responded poorly in part (a) and (b).

Extract 3.2

3a)

Money refers to the anything which is acceptable by readiness to exchange between goods to services. In ancient time before the use of money there was barter system since the people exchanged goods to goods among their localities they have. Later on they introduced money as precious metal which were Gold, soon into paper money at the moment some countries use and for conducting goods and services.

The following are benefit of using money in the economy

Speculative motive, as the number of likes can be obtain in solving problems due to the presence of money there possibly happen to invest and saving for future demand as required.

Transaction motive, there are solution on buying and selling of goods in order to maintain the status of people by producing and consuming right goods for consumer in the market.

Precautionary purpose, also at this rate shown rapidly as in anytime there might happen bad issues or an incident thus benefit of using money to correct good storage of them at large

3b)

The following are necessary criteria for good money

Scarcity, it means limited in supply or not enough to the demands of people in this concept make people in hardworking since they might overtake the space over an area.

Economy, in well distribution and exchange when it comes to the means of investment and saving on the same it can play a great role support different financial institution at large

3(b) Reliability, on this part it explain that when taking money should given the chance to print on numbers and other related items by obtaining at the top and due to Flexibility and Equity, thus in order for good money there must relate on fairness and flexible in order for the people to benefit more and more in the country.

Simplicity, when it come to holding the money must be simple in order to facilitate all the benefit of using money in the economy therefore by being simple it will help to facilitate the production process at large.

Convenience, moreover the another quality of money must be convenient from one person to another with the qualification at the rate of observing well Matter of success on economy.

By convention, the quality of money by velocity and exchangeable rate there should remain constant to assist the best solution at attaining profit day by day on the life they live.

Extract 3.2 shows one of the poor responses from a candidate who explained the points of demand for money instead of the benefits of using money in part (a), and described the necessary criteria for good money by providing the points such as *Economy*, *Flexibility*, *Convenience* which are not correct in part (b).

2.1.4 Question 4: Theory of the Firm

The question had four parts, part a, b, c, and d. The candidates were supposed to use the information given in the table to: (a) Identify the market structure in which the firm was producing, (b) Calculate extra revenue of the firm. (c)

Calculate the firm's fixed costs and extra costs at all levels of output and (d) Calculate firm's profit.

The question was attempted by 31.3 percent of the candidates, out of which 73.3 percent scored from 12 to 20 marks, 14.4 percent scored from 7 to 11.5 and 12.3 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 4 shows the distribution of the candidates' scores.

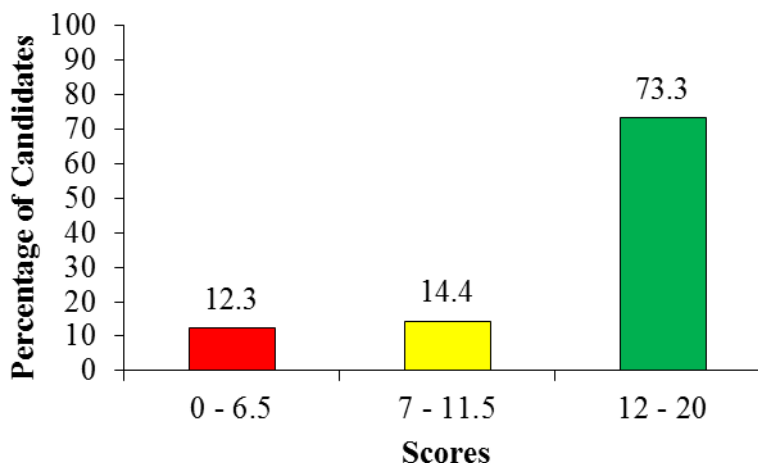


Figure 4: Candidates' Performance in Question 4.

Most of the candidates (73.3%) who attempted this question had good performance, as shown in figure 4. The candidates were familiar with mathematical calculation skills which are used in economics concepts, enough knowledge and skills concerning the topic. They were able to use correct formulas to interpret the concepts. For example in part (a), most of the candidates managed to identify perfect market structure as the type of a market in which the firm was producing. Furthermore in part (b), the candidates were able to use appropriate formula to calculate extra revenue by using the formula

$$\text{Extra revenue} = \frac{\Delta \text{Total revenue}}{\Delta \text{output}} \text{ and Extra cost} = \frac{\Delta \text{Total cost}}{\Delta \text{Output}}$$

In part (c), majority of the candidates managed to calculate *fixed* and *extra costs* at all levels of output and in part (d), the candidates calculated firm's profit correctly. For example one of the candidates used the formula $\pi = \text{Total Revenue} - \text{Total Cost}$ to obtain profit of the firm. Extract 4.1 shows a sample of the good response in this question.

Extract 4.1

4b.	@ Under perfect	$P_{mc} = MR = AR.$
		$50 = 50 = 50$
	$AR =$	$\frac{TR}{Q}$
	$AR =$	$\frac{TR}{Q}$
		$= 50$
	∴ The market structure of this firm is <u>Perfect competitive</u>	
	<u>market</u> because price is equal to Marginal Revenue	
	which is equal to Average revenue.	

4(b) \therefore The extra cost is 50 at all level of

4(b) \therefore The extra revenue is 50 at all level of production

4(c) Fixed cost = ?

When output is zero Total cost and total fixed cost is equal.

Consider the following

And

extra cost is equal to $\frac{\text{Change of Total cost}}{\text{Change in output}}$

The following Table is show the calculation of Fixed cost and extra cost

output	Total cost	Fixed cost	extra cost
0	110	110	—
1	140	110	30
2	162	110	22
3	175	110	13
4	180	110	5
5	185	110	5
6	194	110	9
7	219	110	25
8	260	110	41
9	325	110	65

4(b)			
4(d)	Consider the following table which show Total revenue and Total cost and profit because		
	$\text{Profit} = \text{Total revenue} - \text{Total cost}$		
	Total revenue	Total cost	Profit
	-	110	-110
	50	140	-90
	100	162	-62
	150	175	-25
	200	180	20
	250	185	65
	300	194	106
	350	219	131
	400	260	140
	450	325	125
	The above table show on column of profit show the profit and loss, that of negative sign is loss and that of positive sign is profit		

Extract 4.1 shows one of the good responses from a candidate who was able to use mathematical calculation to show Extra Revenue, Extra cost and Profit of the firm.

The candidates who scored from 7 to 11.5 marks were able to answer only some parts of the question. For example, one candidate was able to identify only the market structure in part (a) and extra cost in part (c), but was unable to calculate; extra revenue in part (b), fixed cost in part (c) and profit of the firm in part (d).

On the other hand, the candidates who did not perform well in this question failed to use the data provided in answering the question. In part (a), the candidates failed to identify the market structure in which the firm was operating. For example, one candidate identified the market structure as *the firm which produce at imperfect market structure* while in the other three parts (b), (c) and (d) this candidate failed to calculate extra revenue, extra cost and firm's

profit respectively. Extract 4.2 shows a sample of a candidate who failed to use calculation in answering question.

Extract 4.2

4.	a) The firm is producing at imperfect market structure because Average revenue is equal to Marginal revenue and Average cost is greater than Marginal cost.
	b) The firm has no extra revenue because when the output was zero they gained nothing but costs.
	c) Fixed cost = 110 because the output is zero the total cost is 110 so at all levels of output. $\text{Total fixed cost} = 110 + 110 + 110 + 110 + 110 + 110 + 110 + 110 + 110 + 110$ $\text{Total fixed cost} = 1100$ $\text{Total variable cost} = \text{Total cost} - \text{Total fixed cost}$ $\text{Total cost} = 110 + 140 + 162 + 175 + 180 + 185 + 194 + 209 + 260 + 325$ $= 1950$ $\text{Total variable cost} = 1950 - 1100$ $= 850$ $\text{Total variable cost} = 850$
	d) Profit = Total Revenue - Total Costs. $\text{Total Revenue} = 50 + 150 + 200 + 100 + 250 + 300 + 350 + 400$ $= 2250$ $\text{Profit} = 2250 - 1950$ $= 300$ $\text{Profit} = 300$

Extract 4.2 shows one of the poor response from a candidate who identified as *the imperfect market structure* instead of perfect competition and in parts (b, c and d) the candidate failed to calculate extra revenue, total fixed cost and profit of the firm. For example he/she wrote the firm has no extra revenue. This shows that the candidate lacked mathematical skills to use proper formula.

2.1.5 Question 5: Privatization

This question had two parts (a) and (b). In part (a) the candidates were required to explain five forms of privatization while in part (b), the candidates were required to examine five successes of privatization policy in Tanzania.

The question was attempted by 55.8 percent of the candidates, out of which 59.6 percent scored from 12 to 20 marks, 30.3 percent scored from 7 to 11.5 marks, and 10.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 5 shows the distribution of the candidates' scores.

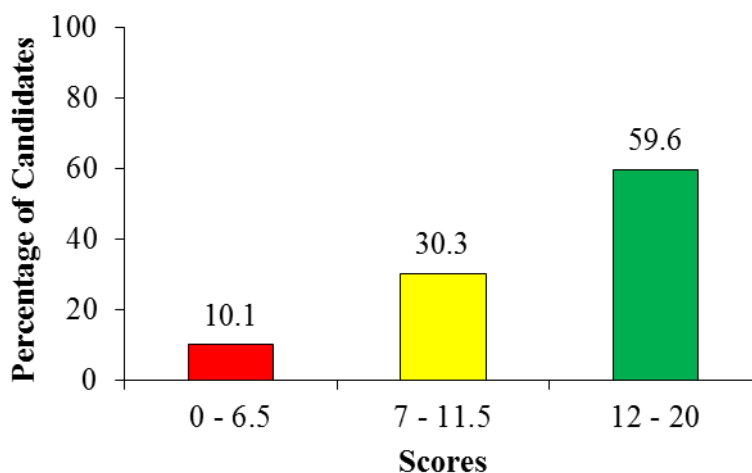


Figure 5: Candidates' Performance in Question 5.

The candidates with good performance were able to explain forms of privatization by providing responses which show knowledge of the subject matter and were able to apply the economics concept (privatization) taught in the class in the existing situation in the country. They provided forms of privatization such as liberalization or deregulation, divestiture, partial, repossession or decentralization and cost sharing. For example, in part (a) a candidate used appropriate economic terminology and explained the various forms of privatization like: *Liberalization/deregulation, followed by Partial /joint venture, Cost sharing, contracting out and Leasing*. Most of the candidates examined adequately how Tanzania benefits from the privatization policy in part (b). A sample of a good response is shown in extract 5.1

Extract 5.1

5a. FORMS OF PRIVATIZATION.

Liberalization; It is also known as deregulation. This refers to the complete removal of barriers of entry of private individuals into the ownership of an enterprise so as to increase competition.

Partial privatization; Is the form of privatization where by both government and private sector owns shares in the ownership of the enterprises through the private sector may dominate over the ownership of shares. Also called Joint Venture privatization.

Cost sharing privatization; Is the form of privatization where by the government removes or withdraw its financial support ~~and~~ from an enterprise and leave it to the direct beneficiaries.

Contracting-out privatization; Refers to the form of privatization where by the provision of goods and services is transformed from the government to the private sector but the government still retain its Authority over the ownership.

Leasing; Is the form of privatization which involves renting or leasing out of the state owned property into private individuals. Example is car parks, Market place, Public toilets.

	SUCCESS OF PRIVATIZATION POLICY IN TANZANIA.
5b.	<p>Provides employment opportunities; Privatization policy has enable the provision of employment opportunities to the different people Within a country and thus help them to earn their living and improve welfare of the people. Example a lot of people has been employee in private schools, Private hospitals</p> <p>Increase government revenue; Private sectors has enable to raise the revenue of our country as they pays revenue for the goods they produce and services that they offer to people so as to enable the government to finance its different activities like provision of social services. Example different Private companies pays corporate tax which is charged on the profit they generate.</p> <p>Reduces the government burden; Privatization policy has enable the government to reduce its burden in public sectors in which it has to provide different facilities and thus increases the government expenditures and hence reduce the revenue of the country but due to privatization different facilities has been provided by the private individuals.</p> <p>Facilitate the transfer of technology; Through privatization policy it has facilitate the technological transfer between the investors and the natives because investors comes in our country with their technology when working with the natives then they may copy technology from natives and also natives copy from investors.</p> <p>Increase in efficiency in different activities; Due to privatization policy in Tanzania efficiency has been increased due to the competition between private sectors themselves and the public sectors and thus provide and produce goods of high quality hence improves welfare of the people and raise their living standards. Eg. of competition between private banks and those banks owned by the government.</p>

Extract 5.1 shows a sample of a response from a script of a candidate who managed to explain forms of privatization.

The candidates who scored from 7 to 11.5 marks lacked good mastery of the subject matter and as a result they were unable to meet the demands of the question. In part (a), the candidates explained inadequately the forms of privatization. In part (b), some of the candidates were able to examine some few successes of privatization out of five required points.

On the other hand, the candidates who did not perform well in this question failed to understand the question. In part (a), some of the candidates explained incorrect forms of privatization and others explained few points which are correct. For example, one of the candidates explained the points like sole *proprietorship privatization*, *partnership privatization*, *local privatization* and *organized privatization* which are not part of the question. In part (b), most of the candidates failed to examine the successes of the privatization policy in Tanzania, while others examined the points which are not part of the demand of the question. For example, one of the candidates examined the following points: *promote and provide administrative social skills*, *help implementation of trade liberalization*, *maintain social and political stability and economic incentives* instead of the successes of the privatization policy in Tanzania. Extract 5.2 illustrates the poor response in this question.

Extract 5.2

50	<p>Privatization refers to the process of changing public ownership of major means of production to private sector. It is opposite of Nationalization which change private ownership of major means of production to the public ownership of major means of production. Tanzania is among the nation which has privatization sector in order to widen tax base and proper utilization of resources.</p> <p>The following are forms of privatization policy in Tanzania</p> <p>Private public privatization, refers to the type of privatization in which consist of both features and characteristics of private sector and public sector especially on decision making.</p> <p>Sole proprietorship privatization, can be only one person producing an item but being to sponsored by another person example in many on farms have helped the upcoming private sector as like Novida has connection with Coca Cola largest firm.</p> <p>Partnership privatization, refers to the type of privatization involving people from 05-07 dealing on specialization of product in the market by the connection of utilizing well manner.</p> <p>Local privatization, in this privatization include less than 03 people on the service by providing goods which majority preferred especially on their daily demand at right moment.</p> <p>Organized privatization, thus this refers to the privatization in which it involve more than 10 people but usually only one representative stand on the best way to achieve the solution on controlling the whole process of privatization largely.</p>
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56) The following are reasons of privatization policy in Tanzania.

Promotion and provision administrative social skills as due to the presence of privatization policy, the managerial and social skills about administrative are well maintained thus cost is rapidly reduced.

Implementation of trade liberalization, thus the freedom especially on purchasing goods import and export for the controlling the trade it has made great solution for the people at large.

Increase both economic and social Infrastructure, talking about transport and communication due to the presence of private sector increase economic and social Infrastructure rather than nationalization progress.

Maintenance of social and political stability, where the people belongs due to the privatization can also lead the best way to achieve affordable manner rather than only depending the government at large.

Economic Incentives example Subsidization and tax holidays, for their succession due to privatization highly make the possible way of tax holiday since they have knowledge to develop their self rule which they belong.

Therefore when learning about privatization there is not only advantages but also disadvantage example source of Black market or Illusion and also Income Inequality among the members of the society.

Extract 5.2 illustrates one of the incorrect response from the candidate who used the concept of the commerce subject such as *sole proprietorship privatization* and *partnership privatization* in economics as a form of privatization.

2.1.6 Question 6: Theories of Demand and Supply.

This question had two parts (a) and (b). In part (a), the candidates were required to describe five factors other than price which affect the supply of the commodity to change. In part (b), the candidates were required to analyze and provide five aspects of the importance of the concept of price elasticity of demand in the economy.

The question was attempted by 53.7 percent, out of which 44.6 percent scored from 12 to 20 marks, 31.4 percent scored from 7 to 11.5 marks, and 24.0 percent scored 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 6 shows the distribution of the candidates' scores.

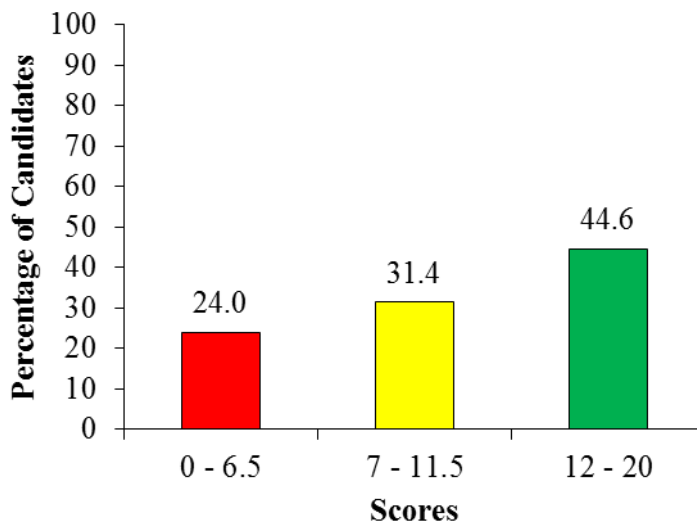


Figure 6: Candidates' Performance in Question 6.

Most of the candidates who performed well in this question were able to apply learned concepts to the existing situation. For example in part (a), the candidates were able to provide correct responses demanded by describing the factors other than price which affect the supply of the commodity, such as change in technology, change in price of alternative goods, political stability and number of producers. In part (b), majority of the candidates were able to analyze the importance of the concept of price elasticity of demand. For example, one candidate managed to analyse the importance of price elasticity such as: *monopolist as used in price discrimination, price setting and wage determination, in devaluation policy and in taxation policy* respectively. Extract 6.1 shows a sample of a candidate who responded well in this question.

Extract 6.1

6: @	Factors for change in supply of a commodity.
	Number of firms in the market, the number of firms in the market will determine the supply of a commodity in the market. If there is a large number of firms in the market which produce that commodity, then the supply of the commodity in the market will be high and if the number of firms are small then the supply of the commodity will be low.
	Level of technology, If the technology used is advanced and use of technical machines in production this will result in to increase in quality and quantity of the commodity so its supply will be high in the market but the level of technology used in production is low or poor this means that there will be inefficient in production and supply of the commodity will be low.
	Cost of production, If the cost involved in producing a commodity is high this means that supply of the commodity in the market will be low or small because of the high cost in production which limits other firms to produce also. If the cost of production is relatively small the supply of the commodity will be high because the firm can easily increase his capital and other firms can be able to produce because the cost of production price are low.
	Time, In a very short run a firm cannot increase supply of the commodity, in a short run a firm in the market it can only bring what is in the store, in short run a firm can only increase one variable input of production in the production in respect on the increase in demand price of the commodity. In long run a firm can increase almost supply because according to the rise in price because factors of production are all variable. In a very long run a firm can not only increase large amount of quantity in the market it can also advance technology of his firm.

Gestation period, the period of harvest of agricultural products. The supply of that commodity will be high in the market because its maturity day has reached and already harvest so if it is in a gestation period supply of that commodity will be high and if not the supply of that commodity will be low. Example: There are season different fruits which have different periods to be harvested like Mangoes, oranges and maize. so during their gestation their supply is high in the market.

6.6 Importance of Price elasticity of demand

It is used by the government in making its policies. Government use the knowledge of price elasticity of demand in making policies like devaluation and taxation. In Tax the government determine the elasticity of demand for a commodity so as to check on the effects of tax which will be imposed on that tax. If goods have elastic demand this means that the increase in tax will lead to a very large decrease in quantity demanded. and if the goods have inelastic demand the large increase in price due to tax will lead to small change in quantity demand so the government will impose higher tax on goods with inelastic demand and lower tax on goods with elastic demand so as to yield more revenue also in devaluation government will impose this policy only if the demand for domestic products are elastic and the demand for imported goods are elastic so as to increase price of imports and discourage importation.

It is used by Monopoly in implementing price discrimination in different markets. Monopoly study the price elasticity of demand in all markets and charge higher price on goods where its market have elastic demand.

Extract 6.1 shows one of the good responses from a candidate who was able to describe factors other than price which affect the supply of the commodity.

The candidates who scored from 7 to 11.5 marks were able to describe less than the required factors other than price which affect the supply of a commodity while others failed to defend their points with correct explanations in part (a). The candidates analyzed insufficiently the importance of the concept of price elasticity of demand in the economy in part (b).

However, the candidates who did not perform well in this question failed to describe the factors other than price which affect the supply of a commodity in part (a) and unable to correctly analyze the importance of the concept of price elasticity of demand in the economy in part (b). For example, one candidate misinterpreted the factors other than price which affected supply to change with the concept of elasticity of supply. The candidate mentioned correct factors like *costs of production, technology, number of firms, Peace and security and technology* but used the concept of degree of elasticity of supply to describe them, while in part (b), the candidate wrote five points out of which two; *price elasticity of demand helps to control price, help the business man to charge low price* were a repetition and three points, *elasticity of demand helps in devaluation, help monopoly to determine price and is helpful in wage determination* were correct. Consequently, the candidate scored low marks. Extract 6.2 shows sample of a candidate who failed to defend the points with valid explanation.

Extract 6.2

6 (i)	<p>Supply This is the amount of goods sold in the market at various level of price at specific period of time, the following are the factors for the change of supply.</p> <p>Cost of production, for the t. when the cost of production is higher the supply of commodity will be inelastic but when the cost of production is low the supply of commodity will be elastic.</p> <p>Number of firm in the market, when there is more bigger number of firm in the market that is there are alot of firm supply of commodities then supply will be elastic but if there is smaller number of firms in the market supply of commodities will be inelastic</p> <p>Peace and security, this is also factor contributing to change in supply of commodities if there is peace and security means producers will engage in production peacefully hence</p> <p>Infrastructure, If there are well established infrastructure that is transport and communication system then supply will be elastic but if there is poor infrastructure supply of commodity will be inelastic</p> <p>Taxation, this is the compulsory payment by individuals and firms in the government when firms are highly taxed the supply of commodities will be inelastic but when the firms the rate of tax is small supply of commodity will be elastic</p>
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Q(b) price elasticity of demand refers to the degree of responsiveness of demand due to change in price rather than other factors for change such as income. The following are the importance of price elasticity of demand.

Price elasticity of demand helped in devaluation that is to decrease the value of domestic currency in terms of foreign currency thus through price elasticity it help devaluation to take place to encourage export.

Price elasticity of demand helped in determination of price, price elasticity helps monopoly to determine the price of goods, monopoly use price elasticity to determine the price to indicate on goods by looking in degree of necessity, luxury commodities.

Price elasticity of demand It helps entrepreneur to control price, price elasticity of demand It help to control price of goods when there is lower price elasticity high price is charged and when there is high price elasticity low price is charged.

Price elasticity of demand is helped in wage determination, the wages of the producer etc worker can be determined by the price elasticity of demand.

It help to control price, when there is high price elasticity of demand low price is charged when there is low price elasticity of demand high price is charged.

It help the businessman to increase revenue price elasticity of demand help businessman to increase revenue by charging low price where elasticity of demand is higher and higher price where elasticity of demand is low.

Extract 6.1 shows one of the poor responses from a candidate who misinterpreted the concept of factors for change in supply with elasticity of supply. The candidate wrote the correct points about factors which make supply to change but the explanation was mixed with the concept of elasticity of supply in part (a). The candidate also made repetition of the points when analyzing the importance of price elasticity of demand in the economy.

2.1.7 Question 7. Market.

This question had two parts (a) and (b). In part (a) the candidates were required to outline five functions of a market, while in part (b) the candidates were required to examine five factors that influence the extent of the market.

This question was attempted by 86.6 percent of the candidates, out of which 34 percent scored from 12 to 20 marks, 40.5 percent scored from 7 to 11.5 marks, and 25.5 percent from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 7 shows the distribution of the candidates' scores.

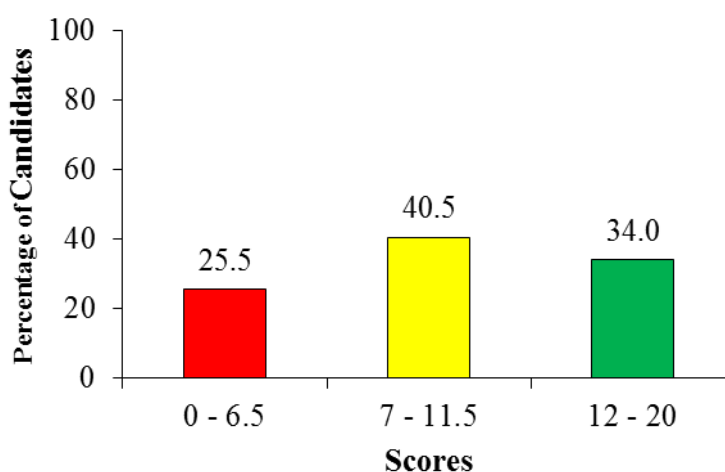


Figure 7: Candidates' Performance in Question 7.

The candidates who scored from 12 to 20 marks were able to answer both parts of the question correctly. In part (a) for example, most of the candidates outlined the functions of a market such as: to facilitate transactions, source of supply, contact between buyers and sellers. Moreover, they were able to examine the factors that influence the extent of the market in part (b). A sample of a good response is shown in extract 7.1.

Extract 7.1

7	<p>Q.) A Market is a place Where by buyers and seller Meet to transact business that is to exchange goods and services.</p> <p>The following are the functions of a Market.</p> <p>Facilitates transaction, a market is a place where buyers and seller can conduct their trading transaction of exchanging of goods and services. In a Market place is a good place Where by trading activities are done smoothly and Meets the demand of both buyers and sellers.</p> <p>Source of supply, a market is a place Where raw Materials are Obtained. So a market make easy for manufacturers and farmers to obtain raw materials Which will be needed in production process and also in farming process example fertilizers, seeds, cotton this help the production process to be conducted smoothly.</p> <p>Contact between buyers and sellers. A Market is a place Where buyers and sellers Meet to facilitate exchange of goods and service. In a Market is a place Where by buyers and seller establish good relationship and able to be known each other and Make contact in conducting business activities.</p>
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7	b)	The following are the factors that influence the extent of the Market
		Extent of demand and supply, goods Which have greater demand and are supplied in large quantities their Market will be in large size unlikely the goods Which have low demand and supply their Market is likely to be in small one example Luxury goods have high demand than inferior goods Which have low demand and their Market size is very low
		Peace and security, in a place Where there is peace and security trading activities are likely to be conducted more smoothly so in a place Where there is Peace and security the size of the Market is large unlike in a place Which lacks peace and security Where the size of the Market is very low due to decrease in production process due to the existence of War or political instability
		Infrastructure, in a place Where there is a good Transport and communication system Where goods are transported more easily from the production area to the Market the size of the Market is likely to be large unlikely in a place Where there is poor Means of transport and communication Which hinders the transportation of goods and Make the size of the Market to be Low in that area

Extract 7.1 shows one of the good responses from a candidate who was able to outline functions of a market as to *facilitate transactions, source of supply and contact between buyers and sellers*. The candidate was also able to examine factors that influence the extent of the market as *extent of the demand and supply, Peace and security, Infrastructure*.

The candidates who had average performance gave insufficient explanation in both parts of the question. This implies that they lacked knowledge in the subject matter. In part (a) for example, one candidate outlined the functions of the market as: *Establishment of friendship between countries* and *Price fluctuations* which were wrong. In part (b), the candidates were unable to give sufficient examination of factors that influence the extent of the market. Some provided few points while others provided incorrect responses.

However, the candidates who scored from 0 to 6.5 marks failed to outline the functions of a market and also failed to examine factors which influence the extent of the market. This is an indication that they were not knowledgeable with that topic and failed to address the demands of the question. In part (a) for example, one candidate outlined incorrect functions of a market such as: *conduct research, allocate resources, check economic stability of the country and create or make planning* all of which were not part of the demand of the question. In part (b), some of the candidates misconceived the demand of the question by examining essentials of a market like: *presence of buyers and sellers, presence of well-defined commodity, area of origin and medium of exchange* while others were able to provide the factors which influence the extent of the market although they could not give the required explanation. A sample of a poor response is shown in extract 7.2.

Extract 7.2

7	(a). Market is an area or place where the exchange of well defined commodity is negotiate. Or Market is a situation where by buyers and sellers meet for exchange purpose; The following are functions of a market; To conduct research; Market have a function to conduct research when buyers and sellers meet, helps to know which things is needed more than other, To allocate the resources available; Also market suppose to allocate the resources which is more needed by society and is productive which can create profit. To determine the level of price. Market suppose to know if the price is more favourable to both producers and consumer so as
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7 (a) to ensure equality to both producers and consumers.

To check the economic stability of a country; Market through force of demand and supply and price can regulate any thing which can cause economic instability such as high price level, excessive demand than supply which can cause inflation and excessive supply than demand which can cause deflation, so market stabilize for it.

To create or make planning; Market can create planning, for example if demand exceed supply firm tend to create plan to obtain the ways to solve that problem.

(b). Market is an area or place where the exchange of well defined commodity is negotiated. The following are the factors that influence the extent of the market;

Presence of buyers and sellers; the extent of market depend on sellers who produce or sell the product in the market, also buyers who going to buy that product or services which supplier produced, therefore buyers and sellers must be available for the influence of the extent of the market.

7	<p>(b) Presence of well defined commodity; Also market in order to be extent there must the available of well defined commodity which is legal by every one, so as to facilitate the exchange to take place, therefore the extent of the market depend on presence of well defined commodity.</p> <p>Close contact between buyers and sellers; In order for exchange to take place buyers and sellers must come in contact in order to make their transaction, therefore close contact between buyers and sellers influence the extent of the market.</p> <p>Area of origin; Market, must be have specific area where exchange is take place between buyers and sellers, market can be conducted in homes, where production take place or at the market.</p> <p>Medium of exchange; Also buyers and sellers used the specific medium in exchange for example money, so the extent of market influenced by medium of exchange.</p> <p>Generally market divided in two type in terms of nature of control which is controlled market and free market.</p>
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Extract 7.2 shows one of the poor responses from the candidate who examined the essentials of a market instead of the functions of a market.

2.1.8 Question 8: Population

This question had two parts (a) and (b). In part (a) the candidates were required to account for economic advantages of the increase in population of a particular country by giving five points. While in part (b), the candidates were required to discuss five problems of high birth rates for a developing country like Tanzania.

The question was attempted by 82.6 percent of the candidates out of which 58.6 percent scored from 12 to 19 marks, 36.9 percent scored from 7 to 11.5 marks and 4.5 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 8 shows the distribution of the candidates' scores.

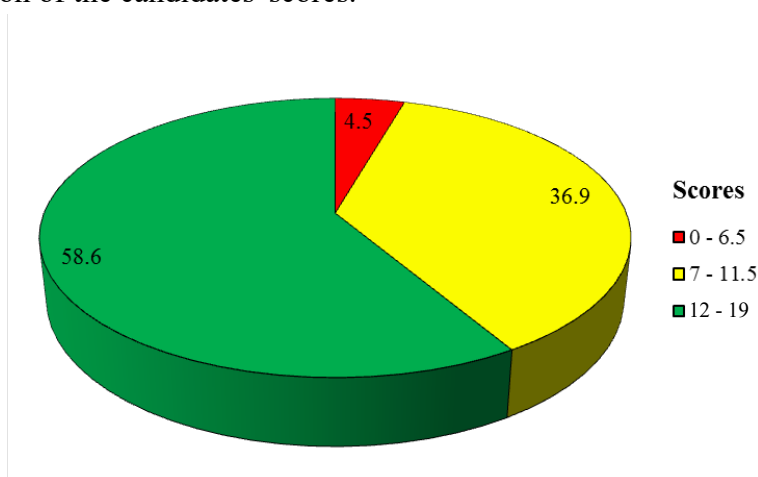


Figure 8: Candidates' Performance in Question 8

The candidates, who performed well in this question, were able to explain the economic significance of the population increase such as increase in national income, increase in demand for goods and services in the economy, more production, mobility and flexibility of the labour and national prestige. They also provided relevant examples to substantiate their points in part (a). Moreover, they were able to discuss the problems of high birth rate by giving points like: high dependency ratio, unemployment, social evils and low living standard of the people in part (b). Extract 8.1 is a sample of a good response.

Extract 8.1

8.1.1 Population is the total number of people living in a particular area in the certain country, population may be underpopulated, over populated or optimum population according to the resources available. The following are the economic advantages of the increase in the population of a particular country.

Leads to Increase labour supply, when population increase it means number of people increase who will need job to do so due to that leads to more supply of labour in the country it is advantageous to a country which apply labour intensive technique of production especially for developing country like Tanzania because can leads to absorb of labourer needed to be absorbed in certain activities.

Leads to increase in aggregate demand, also an increase in population will influence the purchasing power behaviour because such population have different needs due to different taste and preference of the product so when population increase also purchasing power will increase which is more advantageous to producers by being encouraged to produce more.

8(a) ~~led~~ leads to Increase in Government revenue, this is due to increase in aggregate demand hence productivity and such producers are charged tax on according to the quantity of goods they produce due to increase in government revenue lead to cap. government to get money needed for economic activities like services provision, infrastructure construction which at the end facilitate smooth operation of the business hence economic growth. So advantage of Increase in population is economic growth influence.

Technological development, also when people increase due to each people born with his or her natural talent such talent can use in production process also technology will grow due to increase in productivity will lead to increase in competition in order to differentiate one product from another producer product can be encourage to conduct research and innovate hence technology will develop.

Full utilization of resources, when population grow it means such people increased will start to

8(b) leads to increase in dependence rate, dependent rate is the total number of young people from zero year to fourteen and sum up with the total number of old people from sixty four and above over working population, so when birth rate is high leads to more dependence rate one parent can be depended by more than five children which is not required in economy. Poorly provision of social services, due to large number of birth rate leads to congestion in one social services and such services can be provided poorly due to few facilities available to absorb all requirement of such population for example at hospital may lead to lack of free medicine because the number of need are high also at school students may lack books which may fit them one book can be utilized by more than four student in groups few teachers than student so this is among the problem. leads to food shortage, also food produced may be not meet the need of all borned because of high rate than food produced hence leads to shortage of food.

Extract 8.1 shows one of the good responses from a candidate who was able to account for economic advantages of the increase in the population of a particular country in part (a) and also able to discuss problems of high birth rate to a developing country in part (b).

Candidates who performed averagely were unable to meet the full demand of the question. They partially answered the question in both parts. For example, one candidate accounted for a few advantages out of the five required and in addition he/she did not give sufficient explanation in part (a). In part (b), some of the candidates discussed only a few out of five required points.

On the other hand, the candidates with poor performance in this question failed to account for economic advantages of the increase in the population of a particular country. Some of the candidates explained the effects of increase in population without showing how those effects were advantageous to the economy while others were unable even to mention the advantages of increase in population in part (a). In part (b), some of the candidates failed to discuss the problems of high birth rate to a developing country like Tanzania. For example, one candidate outlined three points such as *decrease in national income, intensive utilization of resources, and lack of investment*. Extract 8.2 is a sample of a poor response.

Extract 8.2

② **Population** This is referred to the total number of people in a given geographical area, total number of males and females in the area.

Increase in the population This refers to the ~~the~~ ~~age~~ increase additional people in an existing group of people, simply increase of people in the origin population (people), But there are economic advantages of the increase in the population of a particular country, therefore the following are the Advantages of the increase in population of a particular country.

proper utilization of resources due to the increase of population this brings about an equal balance between the people on the geographical area and the resources such as Land, etc so the balance between resources and the people brings about development of a country.

Availability of high production of goods this is due to presence of labour in the industries, since increase of population refers the additional of people to another population.

Increase of national income due to the increase of population, large numbers of commodities will be demanded, so this calls for the industries, ~~so the commodities produced in the industries are then converted in~~ large number of products due to available labours in the population, so by producing the number of commodity which is not only needed in one country but rather need in some countries, so the sold out commodity increases the national income of a country.

(b) High birth rate refers to the number of fertility in a population, such that population is the total number of people in a particular geographical area. There are problems of high birth rates to a developing economy etc. There are the following are the problems of high birth rates to a developing economy.

Decrease of national income This is due to all social, economical and political services provided by the government, but mostly in social services such as hospitals, schools, etc the government has to increase social services, so as to conquer the high birth rate.

Intensive utilization of resources due to the decrease of national income the country is ought to use more than the actual resource for the development of the country's stability

Lack of investment areas due to the building of houses, hospitals and schools, investors lack areas to invest by creating or building more industries for economic production, so the high birth rate

Extract 8.2 shows one of the poor responses from a candidate who was unable to account for economic advantages of the increase in the population of a particular country in part (a). He/she also failed to explain the problems of high birth rate. He/she provided wrong points like, decrease in national income, intensive utilization of resources and lack of investment in part (b).

2.2 PAPER 2: 151/2 - ECONOMIC DEVELOPMENT

2.2.1. Question 1: National Income

This question had three parts (a), (b) and (c). In part (a), the candidates were required to define National Income. In part (b), the candidates were required to describe five determinants of the size of national income while in part (c) candidates were required to explain four uses of the national income statistics.

This question was attempted by 73.7 percent of the candidates out of which 54.6 percent scored from 12 to 20 marks, 34.8 percent scored from 7 to 11.5 marks, and 10.6 percent scored from 0 to 6.5 out of the 20 allotted marks. The data show that the performance in this question was good. Figure 1 shows the distribution of the candidates' scores.

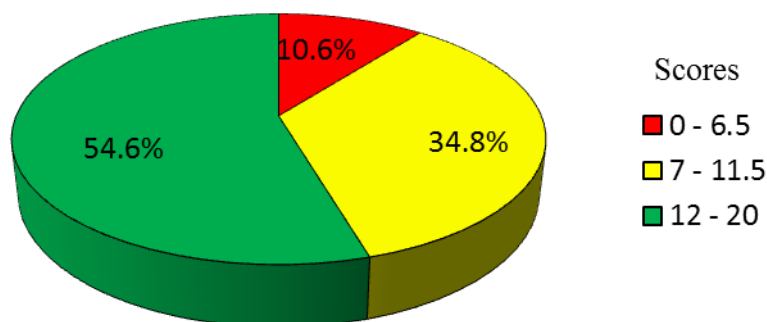


Figure 1: Candidates' Performance in Question 1.

The candidates who scored from 12 to 20 marks managed to answer the question properly. In part (a) for example, the candidates were able to define the term National Income and highlighted the key concepts in the definition. In part (b), the candidates demonstrated a good mastery of the subject matter since they were able to describe the determinants of the size of national income such as availability of: *Natural resources, technology, infrastructure, human resources and level of investment* and in part (c), the candidates adequately explained usefulness of National Income statistics. For example one candidate provided the usefulness in the *Planning process, in comparing standard of living, in economic growth and how they are used to measure a contribution of each sector in the economy*. Extract 1.1 shows a good response in this question.

Extract 1.1

1a	National Income is the Money or Market value of all final goods and services produced in the country in a given period of time usually one year. National Income from the definition are measured in money value, measured in a given period of time, measure the final goods and service. The national Income can be used to compare the economies one country and another.
1b	National Income is the Market or Money value of all final goods and services produced in the country in a given period of time usually one year. Can be measured by Income, Method, Product Method a Expenditure Method the national Income can be determined by the several factors as explained below. Natural resources; If the country has many natural resources such as forest, mining, fishing can be termed as the national Income is high but if there is low natural resources the national income is low. Technology If the country are characterized by advancement of modern technology such as in agriculture by using tractors, machines in production the country will have high national income but if there is poor technology the national income will be low. Infrastructure If there is high development of transport and communication such as durable roads, railway, air way the country will have the high the national income

8b	<p>but if there is poor infrastructure like poor water services the country will have low national income.</p> <p>Human resources; If the country are characterized by having many enterprisen ship, skilled people the country will have the high national income but if there is unskilled person in country the country will have low national income.</p> <p>Level of investment if the country has many investment area will have large the national income but if there is low the investment in the country the country will be having the low the national income.</p>
9c	<p>National Income is the money or market value of all final goods and services produced in the country or during a given period of time usually one year. The national income has many uses or importance in the country. The following are the uses of national income.</p> <p>Planning process the government use the national income during the process of planning; most of the developing country use the national income as the major of planning process.</p> <p>Comparing living standard of the the national income used to compare the living standard of the people in the country by see how the income is distributed.</p>

Extract 1.1 shows the sample of a response of a candidate who managed to define national income and to describe the determinants of the size of the national income.

The candidates who scored from 7 to 11.5 marks provided responses which shows that, although they understand the question but they were not able to meet its demand. In part (a), for example, one candidate was able to define National Income. In part (b), the candidate gave a few descriptions some of

which were right while others were wrong. In part (c), had insufficient explanation on how national income statistics are useful to the Nation.

However, the candidates who scored from 0 to 6.5 marks were unable to give correct definition of the term National Income. For example, one candidate defined national income as *the total of production which produced by the country in the particular society at the given country*. In part (b), they were able to mention the few correct points. For example, one candidate provided many points such as *Employment opportunity, the economic resource, economic dependence and economic equality* in which only economic resources was correct while the rest were wrong as the determinants of the size of National Income. In part (c), some candidates failed to explain the proper uses of National Income statistics. For example, one candidate pointed out: *National income statistics is used to balance of budget, it is used in government manufacturing or expenditure, it is used to pay the employed people and it is also used to provide the social services*. A sample of poor responses is shown in Extract 2.1.

Extract 1.2

1(a)	National Income is the Total of the production which produced by the country in the particular society at a given, The country
1(b)	The following determinants of the size of national Income The Employment opportunities, if the country have the more employment opportunities that determine the country have large & size of National Income when employment opportunities very low the national income of the country is very low The Economic resources, when the country

1(b) has more income resources will determine the size of national income large but then economic resources are few will determine the size of national income ~~are~~ very low development, when the development of the country are very low that will determine the size of national income and was low when development are very large that will high national income.

Economic depend when the have income economic depend from other country that will the size of size of of the national income are low and and the economic do not depend that show the size of national income very large.

Economic equality, when the economic equality that determine the size of national income is very large and when economic inequality that determine the size of national income are very low.

AC) The following uses of the national income statistics.

- It used to balance balance of budget of nation example deficit budget.
- It used in the government manufacturing or expenditure ~~set~~ such as to control of the road.
- It used to pay for employed people by government such teacher, doctor and parliament member.
- It used to provide the social services like school, and hospital.

Extract 1.2 shows a response of the candidate who had inadequate knowledge of national income thus failed to define national income and to explain the determinants of the size of the national income.

2.2.2. Question 2: Public Finance

This question had three parts (a), (b) and (c). Candidates were required to: (a) give the meaning of VAT, (b) explain four advantages and six disadvantages of VAT and (c), substantiate the contention that “tax incidence does not always fall on the consumer” by giving four points.

The question was attempted by 26.2 percent of the candidates out of which 52.2 percent scored from 0 to 6.5 marks, 44.3 percent scored from 7 to 11.5 and 3.5 percent scored from 12 to 16 out of the 20 allotted marks. Generally, the question was averagely performed. Figure 2 shows the distribution of the candidates’ scores.

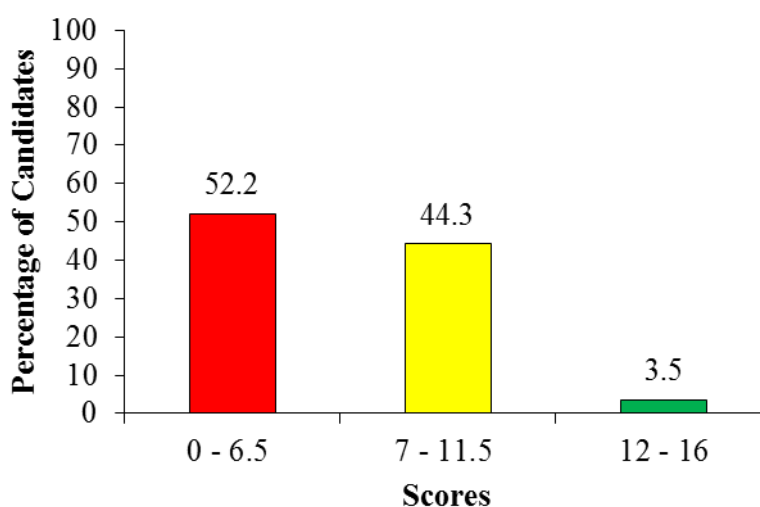
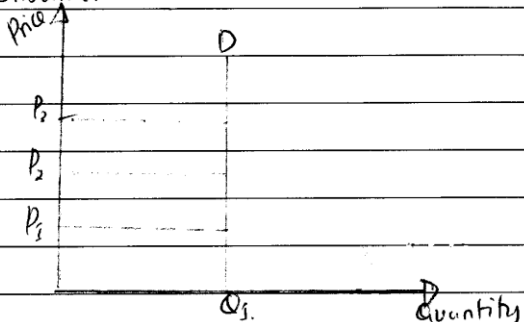



Figure 2: Candidates’ Performance in Question 2.

Few (3.5%) of the candidates who scored from 12 to 16 marks in this question were able to define VAT in part (a), and adequately explained the advantages and disadvantages of VAT in part (b) and also were able to substantiate that tax incidence does not always fall to the consumer in part (c). A sample of a good response is shown in Extract 2.1.

Extract 2.1

Q2(a)	Value added tax is an indirect tax which is levied on goods and services and it compels no one could evade to pay the value added tax, and it is paid when one consumes goods in the economy.
2(b)	<p>Value added tax; is an indirect tax which is levied on goods and services, it is paid when one consumes goods and services, and no one has an ability to evade value added tax because it is in goods consumed by a person. There are different advantages and disadvantages of value added tax (VAT) as follows: By starting with advantages.</p> <p>It has wide tax base, value added tax has wide tax base because it is paid by any^{every} person in the economy even young children which this increases much the government revenue from tax because it is not secretive as pay as you earn (direct tax).</p> <p>It is difficult to evade; in value added tax people could not evade paying tax because it is levied on goods so when one consumes goods pay the tax, so this led to increase in government revenue since all people pay tax.</p> <p>Tax payer does not feel the burden of paying the tax, in this kind of tax the tax payer does not feel the burden of paying tax directly because the tax has been charged on goods.</p> <p>It enables government to earn more revenue; this is because all people in the economy pay tax, value added tax which all the tax goes to government so through value added tax government earns more revenue. So these are the advantages of value added tax, and there are different disadvantages of value added tax as follows:</p>

2c	<p>tax incidence refers to the burden of paying tax who actually pays the tax. In case of direct tax the incidence of paying tax is directly to the income earner but in case of indirect tax the incidence differs according to the kind of goods they consume and produce as follows-</p> <p>Goods with perfectly inelastic demand; in this kind of goods the incidence of tax goes directly to consumer of that commodity because the consumer may demand the same at any level of price, so the burden of tax goes to consumer.</p>  <p>Goods with perfect elastic demand; in this kind of goods the incidence of tax goes to producer because the goods are demanded but the price remains the same that is price is constant at whatever quantity, so the incidence goes to producer.</p> 
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Extract 2.1 shows the response from a candidate who managed to define VAT in part (a), and explain the advantages and disadvantages of VAT in part (b). Moreover, he/she also was able to substantiate the impact of tax incidence in part (c).

The candidates who scored from 7 to 11.5 marks were able to define VAT in part (a), while in part (b), some of the candidates insufficiently explained some disadvantages and advantages of VAT while others in part (c), failed to show how tax incidence does not always fall on the consumer. For example, one candidate provided wrong points such as: *under inelastic goods tax incidence goes to the producer*. This indicates that candidates lacked sufficient knowledge in that particular topic.

On the other hand, the candidates who performed poorly lacked knowledge of the subject matter and were unable to understand the demand of the question. In part (a), for example, one candidate defined VAT as *tax obtained after collection of resources (goods) in the country*. In part (b), some candidates were unable to explain advantages and disadvantages of VAT. Others mentioned a few advantages and disadvantages but failed to explain the points. In part (c), some candidates totally failed to substantiate the statement that “tax incidence does not always fall on consumer”. For example, one of the candidates explained that in case of *perfectly elastic and elastic demand tax incidence fall on the consumer*. Also the candidate wrongly explained that *in case of inelastic demand tax incidence fall on both producer and consumer*. A sample of a poor response is shown in Extract 2.2.

Extract 2.2

2. (a)	VAT (Value added Tax)
	This refers to the tax obtained after collection from the resources (goods) in the country.
(b)	Advantages of VAT
	(i) Source of government revenue; since the collection of tax lead to increase the revenue of the country. example collecting tax in industry, private sectors.
	(ii) Provide foreign exchange; As they tax the foreigner they will get foreign currency.
	(iii) Helps in provision of infrastructure; As the tax collected will help to the manufacturing in infrastructure in Tanzania.
	(iv) Decrease the dependency of the country; As the country can control themselves by using the tax collected through the country.
	Disadvantages of VAT
	(i) Are not unequal since they tax both rich person and poor person the same. sometime rich people pay less than poor people which pay more.
	(ii) Do not support production; since people will not be able to pay more tax, hence they cannot produce more.
	(iii) Leads to corruption; As the big industry don't pay the tax so they decide to give the tax payers the corruption. As sometime tax provided is greater than the work he's.
	(iv)

2c) Tax incidence does not always fall on the consumer. Tax incidence is the burden of tax which are levied on the producer or consumer. It does not always fall on the consumer due to the following point.

It term of perfect elastic of demand. the incidence of tax fall in the ^{consumer} ~~producer~~ ^{seller} ~~buyer~~ due to ~~the~~ this is the change of ^{price} quantity demanded it bring constant quantity demanded.

Perfect inelastic. the changes of quantity bring bring constant price the incidence of tax levied on the producers due to price constant.

Elastic of demand. The incidence of tax fall in the of consumer and producer due to the change small change in price it bring large change in quantity - demand X

Inelastic, said the ~~small~~ ^{large} change in price will bring ~~to~~ small change in quantity demanded the incidence of tax fall at all consumers and producers.

Extract 2.2 shows the poor response from one of the candidates who failed to define VAT and was also unable to substantiate the impact of tax incidence.

2.2.3. Question 3: Environmental Economics

This question had two main parts (a) and (b) whereby part (a) had two sub parts (i) and (ii). In part (a) (i), candidates were required to define externalities and in part (a) (ii), candidates were required to define transboundary externality while in part (b), candidates were required to explain eight methods which can be used in a country to control environmental pollution.

The question was attempted by 50.3 percent of the candidates out of which 31.7 percent scored from 12 to 19.5 marks, 56.8 percent scored from 7 to 11.5 and 11.5 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 3 shows the distribution of the candidates' scores.

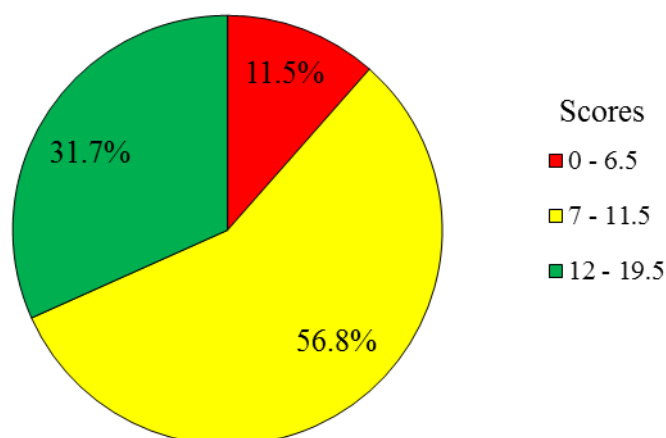


Figure 3: Candidates' Performance in Question 3.

The candidates who scored from 12 to 19.5 marks were able to define the term externalities and transboundary externality in part (a). They also managed to provide methods employed to control environmental pollution such as: “to impose pollution taxes, impose tradable emission standards, employment of a technology and prohibition of pollute behaviors”. A sample of a good response is shown in Extract 3.1.

Extract 3.1

3. a) i) Externalities are the loss or gains sustained by a person due to the actions of a producer or consumer or both for which no compensation is made. Externalities can be positive or negative and they are reciprocal in nature for example public goods and pollution.

ii) Transboundary externality refers to the loss or gains sustained by other countries due to the actions initiated by a particular country. For example global warming affecting African countries caused by industrialization in developed countries.

b) Pollution is the introduction of unwanted substance on, under or above the earth surface. Environment refers to all things surrounding man. Pollution can be in form of water pollution, land pollution or air pollution. The following are the methods which can be used to control environmental pollution in a country.

Provision of education on effects of pollution. The government in collaboration with the citizens and other civil societies should undertake the promote public awareness on the side effects of pollution to human life so as to stimulate environmental conservation habits in them. This can be done through seminars, anti pollution - campaigns or school clubs to educate students.

Formulation and implementation of strict laws. Strict laws concerning environmental pollution should be formed and implemented, including the provision

3. b) or administering of heavy punishments like penalties and fines to those who break such laws as an example to the society.

Promote recycling of wastes. The government can improve the ways of waste disposal so as to reduce both forms of pollution by recycling of wastes which are later on transformed into other useful goods circulating in the economy. For example recycling of plastic bottles and steel materials.

Improvement in technology. The government should encourage the use of environmental friendly technology in industries and other fields so as to reduce pollution. For example the use of hydroelectric power instead of fossil fuels like coal in running the machines in industries.

Encourage organic farming. This is a safe method of farming which use organic fertilizers like cow dung that does not lead to pollution. The government should discourage inorganic farming which uses harmful inputs like fertilizers and spray insecticides that pollute air and land as well as water bodies that are near.

Quotas solution. The government can control pollution by fixing limits of the extent of pollution that an industry is allowed to cause. Any industry that pollutes the environment beyond the quotas fixed by the government is liable to pay fines or any other obligation as required by the government. This is used where pollution is inevitable.

Subsidies solution. A country can control pollution by provision of subsidies by the government to the producers who cause less pollution or do not pollute.

3. b) the environment	This method encourages producers to avoid pollution by any means in their production activities.
	Imposing high tax on industries that cause pollution. The government can control pollution in the country by imposing a high tax on the industry that causes pollution and use such amount in promoting environment conservation. This will encourage producers to minimize pollution as prudent as possible.
	Conclusively, Pollution is a negative externality and an indicator of low economic development level in a country. The country should employ alternative measures to curb pollution or control pollution caused by industrialization, bush fires or any other means to ensure sustainable development.

Extract 3.1 shows the sample of responses of one of the candidates who was able to define the concepts of externalities and transboundary externality.

The candidates who scored from 7 to 11.5 marks lacked proper knowledge on the economics concept in part (a)(i) and (ii). For example, some candidates wrongly defined the term externalities and transboundary externality in part (a) while others in part (b), mixed correct and incorrect points.

However, the candidates who scored from 0 to 6.5 marks had various weaknesses in their responses. In part (a), they failed to define the concepts. Some referred externalities to the effects of producer or consumer to another producer or consumer while others referred to the effect of firm to another firm. In part (b), some of the *candidates* mentioned few points on methods used to control pollution and explained it insufficiently. Extract 3.2 shows a sample of a poor response.

Extract 3.2

3@ (i) Externalities is the process where by producer or consumer affect direct or indirect another producer or consumer from the market economy.

(ii) Transboundary Externality Refer to the process where by firm affect direct another firm from the market.

3(b) The method which can be used to control the environmental pollution are the follows:

Education should provided to the people. The people should Training people about the Environmental pollution from schools at the different organizations.

Discourage Deforestation; which can cause desertification of the economy for the increase the change of the temperature of the country.

To improvement of infrastructure; This also another ways which can Reduces environmental pollution should improvement of infrastructure so as to avoid soil erosion.

To improvement of Agricultural Products; This also should encourage growing of the Agriculture product for use tractor instead of use hoe so as to avoid burning vegetation.

Improvement of industry; This also also another method to overcome pollution so as control method which will happen to the people during product at market.

3 (b) To Establish complete proper right at the market economy; which can lead to avoid the negative externalities which also very dangerous to the economy.

To Discourage bad fishing by using Banat which is very dangerous to ~~human~~ humans because they cause to death very small species which very bad for the economy and lead to eruptions of the diseases.

Government should protect for Establish policy; which favour the environment conservation and also lead to the Occurance Strict roles about environmental pollution.

Generally Environmental ~~pollution~~ pollution can lead the following effect Death, Global Warming, Disappearance of some species, and rainfall over.

Extract 3.2 presents a sample of one of the candidate's poor responses. The candidate provided incorrect responses in all parts of the question as exemplified in part (a) where he/she failed to define the terms provided.

2.2.4. Question 4: Financial Institutions

This question had two main parts (a) and (b). Part (b) was subdivided into five sub parts (i), (ii), (iii), (iv) and (v). In part (a) candidates were required to give five points to justify the statement that "Tanzanian foreign exchange system is the liberalized foreign exchange regime". In part (b), candidates were required to describe roles played by the following types of Financial institutions: (i) Central bank of Tanzania, (ii), commercial banks (iii), specialized banks, (iv), savings banks, and (v), cooperative banks in Tanzania.

The question was attempted by 8.5 percent of the candidates out of which 93.5 percent scored from 0 to 6.5 marks, 6.3 percent scored from 7 to 11.5 marks and 0.2 percent scored from 12 to 15 out of the 20 allotted marks. Generally, the performance in this question was poor as 93.5 percent of the candidates scored from 0 to 6.5 marks. Figure 4 shows the distribution of the candidates' scores.

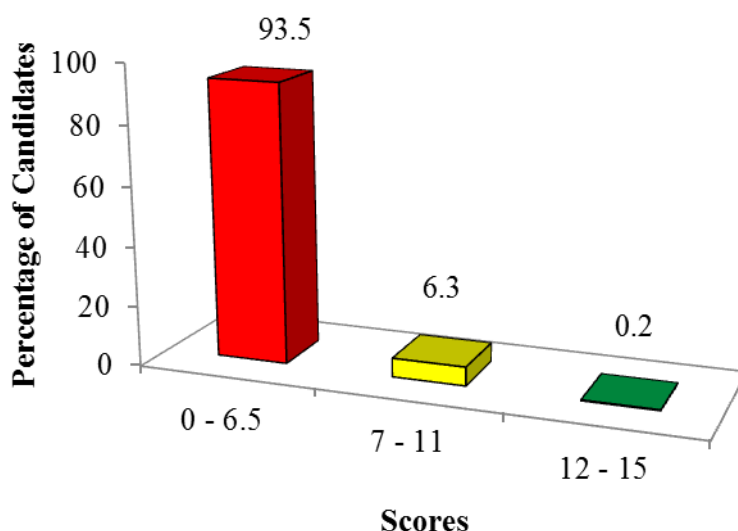


Figure 4: Candidates' Performance in Question 4.

Most of the candidates who attempted this question were unable to justify the statement that “Tanzanian foreign exchange system is the liberalized foreign exchange regime” in part (a). Moreover, they provided insufficient explanation while describing the roles played by each type of financial institutions in Tanzania in part (b).

Among the candidates who performed poorly in this question, misinterpreted the demand of the question and others provided very few correct points. In part (a) for example, one candidate provided wrong descriptions concerning *trade quota*, *trade tariffs*, *devaluation policy*, *total ban*, and *subsidization*. The candidate described trade barriers instead of justifying how Tanzania foreign exchange system is liberalized. Another candidate misinterpreted the demand of the question by pointing out that Tanzanian foreign exchange rate system *help in exchange of currency between countries*, *provide employment and government revenue*, *help the government to get foreign currency* and *improve the living standard of people*. All those descriptions were not part of the question.

In part (b) (i), (ii), (iii), (iv) and (v) most of the candidates failed to describe the roles of the financial institutions in Tanzania. For example, some of them confused the roles of the Central bank with Commercial banks. One of the candidates argued that the Central bank *provides saving account* and *credits to*

people while others provided incorrect roles of Commercial bank. For example, one of the candidates argued that *do not open accounts to people and commercial banks give pensions to people* as roles of commercial banks. Extract 4.1. present a sample of a poor response.

Extract 4.1

40	<p>It provide employment. People are being employed in the various foreign exchange as the result they get many a salaries to survive and improve their living standard.</p> <p>Provide revenue to the government. Also the government may get revenue from various economically foreign exchange by them in the country. So that that is why liberalized foreign exchange regime.</p> <p>Help the country to get foreign earnings. The government also get foreign money from the various countries as the result to the economic growth.</p> <p>They improve the living standard of the people. All the people who are being employed in the exchange get salaries as the result to the improve their living standard.</p> <p>Generally these explained are the factors that make turna are foreign exchange to be liberalized.</p>
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- 4b. i/. Central bank these is the institution which are introduce the services to the financial institution and provide saving accounts to the people also Credit accounts.
The role of that Central banks.
Banker of the Banks these is the situation where by this banks control other banks by giving financial services.
It improve the long term of giving loans to the ~~per~~ financial institutions - example of the banks that get the ~~per~~ accounts (to be controlled) are NMB, CDB, NBC.
- ii/. Commercial banks also these are the Banks that gives the people services. These Commercial banks are not open the accounts to the people.
It gives loans to the people ~~an~~ so as to operate at the economic.
It gives the pension after get the rest of the job. Example of Commercial banks are NSSF and PPF.
- iii/. Specialized banks these are the banks that are specialized by giving the services to the people.
This one not give the accounts to the peoples but they give loans and should be return it with interest.
- iv/. Saving banks these are those banks which are ready for saving Money for the period of time. This banks are not give loans to the people ~~an~~ they are saving Money only when you are the Member of that bank and you want to ignore the services you are paid / given your money that you save at all time you saved.
- 4b v/. Cooperative banks these are all banks that are giving their Member the services but these Cooperative banks are not give loans and are not open accounts but the people go to save the Money to the period of time when they want the money they can take for the period of time after 5 years.

Extract 4.1 the candidate failed to justify the statement that "Tanzanian foreign exchange system is liberalized regime" by giving the points such as trade quota, trade tariffs, devaluation policy, total ban, and subsidization. The candidate described the points of trade barriers instead of justifying how Tanzania foreign exchange system is liberalized. This candidate misunderstood the question and was answering a different question.

However, the candidates who performed fairly in this question showed partial understanding of the subject matter in that particular topic. In part (a) for example most of the candidates inadequately justified the statement that “Tanzanian foreign exchange system is the liberalized foreign exchange regime”. Others provided a few points out of the five required points.

In part (b) (i), (ii), (iii), (iv) and (v) most of the candidates insufficiently described the roles played by financial institutions in Tanzania. For example, one of the candidates described correctly the roles of saving banks such as *accepting and keeping deposits from customers, advancing loans and advising their customers*. While others managed to describe the roles of other types of financial institutions. A sample of a good response is shown in Extract 4.1.2

Extract 4.2

4b	<p>Central bank. Refer to the institution that is responsible to safeguarding the all financial stability in a country. Example of central bank is later Bank of Tanzania.</p> <p>So the following are the function of the central bank.</p> <p>Banking function. This is due to that under this function central bank tend to act as the banker to the government, banker to the other bank and lender of last resort.</p> <p>Financing function. Under this function the central bank tend to act as the institution that finance the other bank like commercial bank.</p> <p>Advisory function. This is due to that under this function central bank tend to act as the instrument that provide the advice the other bank.</p> <p>Commercial bank. Refer to the institution that deals with the monitoring of fund or money from the surplus sources to deficit source in order to make the profit through credit management. Example of commercial bank are NMB, and CRDB.</p> <p>So apart of that the following are the roles or function played by commercial bank.</p>
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	<u>Saving bank</u> - Refer to the bank
	that are established by the government
	for the purpose of accepting the
	different saving deposit
	so the following are the role or
	function of saving bank this are:
	Accepting and keeping deposits
	of their customers.
	Provide advice to their customer
	who keep or deposit the money
	in such bank.
	<u>Cooperative bank</u> - Refer to the
	bank that can be established by
	the association of the people who have
	the common interest on running
	of the various economic activities
	in economy
	so apart of that the following
	are the function or role of the cooperative
	bank.
	Accepting and keeping deposits
	of their customers
	Provide advice to their customer
	on running of economic activities
	Advance loan to their customer
	either short term or middle term

Extract 4.1.2 shows a part of a response from a candidate who managed to answer some parts of the question. For example she/he managed to describe the roles of Central bank in part (b).

2.2.5. Question 5: Marketing and Distribution.

In this question candidates were required to discuss critically the contention that "private crop buyers play a significant role in Tanzanian economy", by showing five advantages and five disadvantages of private crop buyers in Tanzanian economy.

The question was attempted by 62.2 percent of all candidates, out of which 32.7 percent scored from 12 to 20 marks, 42.6 percent scored from 7 to 11.5 marks and 24.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 5 shows the distribution of the candidates' scores.

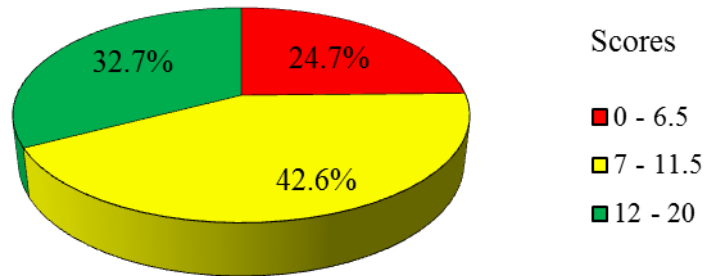


Figure 5: Candidates' Performance in Question 5.

The candidates who scored from 12 to 20 marks were able to discuss critically the contention that “private crop buyers play a significant role in Tanzanian economy”. They discussed critically advantages of private crop buyers in Tanzanian economy such as: increase in competition in buying crops, reduce bureaucracy, buy crops in cash, and reduced burden to the government of providing subsidies. On the other hand, they were able to discuss critically the disadvantages of private crop buyers like: farmers are convinced to sale their products before the harvesting time. Extract 5.1 represent a sample of a good response.

Extract 5.1

5 Private Crop Buyers are individuals who purchase agriculture product direct from the peasants. They perform some of the works of market cooperatives such as buying of product, selling of product and storing of products. "Private Crop Buyers play a significant role in the Tanzania economy"

The following are advantages of private crop buyers in peasant who make large percent of Tanzania economy.

They provide incentives to peasants. Private crop buyer provide fertilizers and seeds to the peasants this support the peasant in the production of agriculture activities hence developing Tanzania economy. Hence private crop buyers play a role in Tanzania economy

Private crop buyers purchase in cash bases. The peasants, sale the crop to private buyers in cash this provide income to the peasants and reduces the burden of unpaid debts which the cooperatives shouldered the peasant. Hence result to the improvement of Tanzania economy.

They increase production of agriculture products, This through ensuring constant market for the crops to the peasant. The private crop buyer create innovation

5 on buying crops from the peasants. This motivates the peasants to increase production. Hence private crop buyers result to economic development of a country.

Private crop buyer reduces the bureaucracy, The market boards had bureaucratic regulation which discouraged the peasants but the private crop buyer reduce the bureaucratic process to the peasants hence simplifying a work for the peasants.

Reduce the burden of unpaid debts which the cooperatives shouldered the peasants. The private crop buyers purchase on cash base which reduce the problem of unpaid debt to the peasants. Hence resulting to the development of the economy of Tanzania.

The following are the disadvantages of private crop buyers to Tanzania economy.

Private crop buyer have low support to the infrastructures such as roads, the Private crop buyer do not contribute in repairing of roads for the peasants as how market boards do. Hence result to decline in production.

Due to competition result to low quality product from the peasants. The private crop buyers create competition in buying the crops from the peasant this makes the peasants to produce low quality products so as to get fast money. Hence result to economic decline.

Reduce the bargaining power of peasants, The private crop buyer weakens the bargaining power of peasant since the peasant alone can not influence the price of the product hence this makes peasant to sell product in low price hence making a loss which result to the decline of Tanzania economy.

5	In some areas the private buyers has weaken the market boards. Some of the market boards have been weakened by the power of private crop buyers. This results to the decline of boards and private buyers tend to dominate hence influencing price at low level.
	The merging of private crop buyers can influence price of crops. The private crop buyer may join and control the product price. The private crop buyers tend to exploit the peasants by setting very low prices so as to get higher profit this discourages the producers. Hence result to the decline of the economy.
	In conclusion, The private crop buyers are very important to the development of Tanzania economy hence they should be controlled through price control uses to avoid exploitation of peasants by Private crop buyers.

Extract 5.1 Shows the response of the candidate who managed to discuss the advantages and disadvantages of private crop buyers in Tanzanian economy.

Furthermore, the candidates who scored from 7 to 11.5 marks understood the question but were unable to discuss the contention that "private crop buyers play a significant role in Tanzanian economy". Some candidates discussed a few correct advantages. Others explained incorrect advantages. For example one of the candidates incorrectly explained that private crop buyers provide farmers with *adequate storage facilities* and *they are unable to face stiff competition from other crop buyers*. On the other side some candidates wrongly discussed some disadvantages. For example, one of the candidates discussed the points such as market imperfection, geographical barriers, differentiated products and ignorance of buyers which are the conditions for price discrimination.

On the other hand, the candidates who performed poorly failed to discuss the contention given. Some explained the advantages and disadvantages performed by Cooperatives and Marketing Boards instead of private crop buyers. Others interchanged the points. Those that were suitable for advantages were wrongly used as response for disadvantages and points which were suitable for

disadvantages were wrongly used as response for advantages. This indicates that they were not knowledgeable in that particular topic. A sample of poor candidate's responses is shown in extract 5.2

Extract 5.2

5.	Private Crop buyers these are dependend people or organization which are involing themselves in the activities of buying farms products. The following are the Private Crop buyers in the Tanzania economy.
	Enough Capital; Private Crop buyers they have enough Capital to run their activities thus reduce government burden.
	Help in distribution of farmers products; Private Crop buyer after buying from the farmers they are starting to sale to the different areas this will help to Satisfy Consumers wants.
	The following are the disadvantages of Private Crop buyers in the Tanzania economy.
	They are selling at high Cost; Private Crop buyers based of profit maximization thus they are selling the products at high Costs which the Consumer cannot afford.
	They exploit farmers; Since they have high bargaining power they exploiting farmers by forcing them

5-	to sale the farmers products at low price
	Private Crop buyer they not financing small scale farmers; Private Crop buyer apart from from having large capital they are living the burden to the government to finance small scale farmers
	High debts; Some times private crop buyers buying products from farmers on credit basis and fail to pay them this give hard time to farmers to continue with production resulting to low circulating amount of money in the economy

Extract 5.2 presents a sample of one of the candidate's poor responses. The candidate explained some of the requirements possessed by the private crop buyers and the methods used in order to maximize profit instead of the advantages and disadvantages of private crop buyers in Tanzanian economy.

2.2.6. Question 6: The structure of Tanzanian Economy.

In this question candidates were required on one part to give six arguments to support the statement that "prices of agricultural products fluctuate more than the prices of the manufactured goods" and on the other part, candidates were required to provide four measures which can be taken to arrest the situation.

The question was attempted by 58.7 percent of all the candidates out of which 6.4 percent scored from 12 to 18 marks, 47.9 percent scored from 7 to 11.5 marks and 45.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was average. Figure 6 shows the distribution of the candidates' scores.

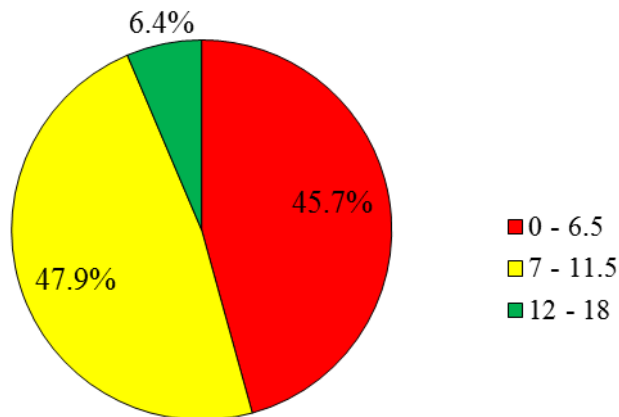


Figure 6: Candidates' Performance in Question 6.

The candidates who scored from 12 to 18 marks were able to understand the demand of the question which indicates that the candidates had good knowledge of the subject matter of the topic. Most of the candidates managed to explain the factors which cause fluctuations in the prices of agricultural products such as: climatic and natural conditions, price elasticity of supply is inelastic for agricultural products, price elasticity of demand for food is inelastic and weak bargaining power and could manage to provide tentative solutions to those problems. Extract 6.1 shows a sample of a good response.

Extract 6.1

Q. Agricultural sector is the sector of the economy which deals with cultivation of crops, rearing of animals, mining and fishing. It contributes 60% to the Gross national Product. Price Fluctuation refers to the up and down of prices of different goods and services produced in the economy.

Prices of agricultural products fluctuate more than prices of manufactured goods because of the following reasons:

Natural Factors: Agricultural sector being dependent of natural factors in the production of crops hence during favourable climate the production tend to be high resulting to fall in the prices of agricultural products and when there is unfavourable climate production of agricultural products fall resulting to rise in their prices.

Agricultural Products are Perishable. That they last for a short period of time. Therefore when they are produced they become plentiful due to being perishable in nature they are sold at low prices and when there is shortage they are sold at high prices.

Shortage of storage facilities. Shortage of storage facilities also contributes greatly to the fluctuation in the prices of agricultural products as when they are produced they tend to be sold at low prices to expose them to people to avoid deterioration resulting to fall in the prices of agricultural products and when they are small in number results to rise in price.

6.	Establishment of irrigation schemes, so as to ensure constant production of agricultural products throughout the year to reduce the fluctuation in the quantity produced hence it will enable to control price fluctuation.
	Education and Training to farmers, education and skills should be provided to the farmers on how to engage themselves in agricultural activities so as to control the production of it hence it will enable to control fluctuation of agricultural products.
	Improvement of storage facilities. There should be improvement in storage facilities to enable the whole products produced be stored for future and readily demand hence it will enable to control price fluctuation.
	Generally price fluctuation of agricultural products causes negative effects to the economy of the country such as fluctuation in the government revenue hence it needs to be controlled to avoid its effects.

Extract 6.1 shows a sample of a response from a candidate who was able to give arguments to support the statement “prices of agricultural products fluctuate more than the prices of manufactured goods. Thus, he/she had adequate knowledge on the tested topic.

The candidates who scored from 7 to 11.5 marks were able to give arguments to support the statement that (“prices of agricultural products fluctuate more than the prices of the manufactured goods”). The candidates provided adequate factors concerning fluctuations of prices of agricultural products. On the other hand, the candidates provided insufficient explanation on the measures which can be taken to arrest the situation. Out of the required measures they explained only a few. For example, one candidate insufficiently explained how *gestation*

period and improvement in storage facilities can be used to stabilize price of agricultural products.

However, candidates who performed poorly were not able to give sufficient arguments to support the statement given. They were also not able to provide valid measures which can be used to arrest the situation. For instance, instead of explaining the factors which cause fluctuations in the price of agricultural products one candidate explained the factors affecting agriculture like *level of technology, consumption level, and investment level* while other candidates provided incorrect measures which can be used to stabilize the prices of agricultural products like *establishment of laws and policies and imposition of low tax*. A sample of a poor response is shown in Extract 6.2.

Extract 6.2

The following are the arguments to support the fluctuation of the prices of agricultural products than the prices of the manufactured goods.

Climate change. Agricultural products are influenced by the climate change. Favourable climate increases the growth of agricultural product and unfavourable products decrease the growth of agricultural product and thus price fluctuation due to seasonal appearance of the products.

Technological level. That presence of good technology influences high level of production techniques. And good techniques encourage production of agricultural goods compared to the low level of techniques that discourage production process. Hence price fluctuation of goods due to seasonal variation of agricultural goods.

Consumption level. Level of consumption of these agricultural products determine the price of a product. That when there is small number of people who consume agricultural products it led to the increase in price compared to where there are large number of people who consume the products that could lead into decrease.

§ policies. The implementation of the law
 C it will lead into stabilise the price of
 the agricultural products.
 Implementation of low tax. That
 agricultural products should be imposed
 low tax so as to encourage production
 and stabilise the price of such products.
 Encourage consumption level of
 the agricultural products that many
 people to consume would encourage
 and lowered the price of these
 products and to reduce price fluctu-
 ation of the products.
 Providing education of the
 new methods of production of these
 products that would encourage produc-
 tion of these products and stabilise the
 prices of these products.

In Extract 6.2 the candidate failed to give arguments to support the statement that "prices of agricultural products fluctuate more than the prices of manufactured goods". He/she provided the factors affecting agriculture instead of the factors which cause fluctuations in the price of agricultural products. Also was unable to provide the tentative solution to solve the problem.

2.2.7. Question 7: Economic Integration and Cooperation.

This question had two parts (a) and (b). In part (a), candidates were required to examine five problems facing the new East Africa Community. In part (b) candidates were required to devise any five tentative measures which are likely to solve the problems facing the new East Africa Community.

The question was attempted by 67.0 percent of all the candidates out of which 26.9 scored from 12 to 19 marks, 53 percent scored from 7 to 11.5 marks and 20.1 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 7 shows the distribution of the candidates' scores.

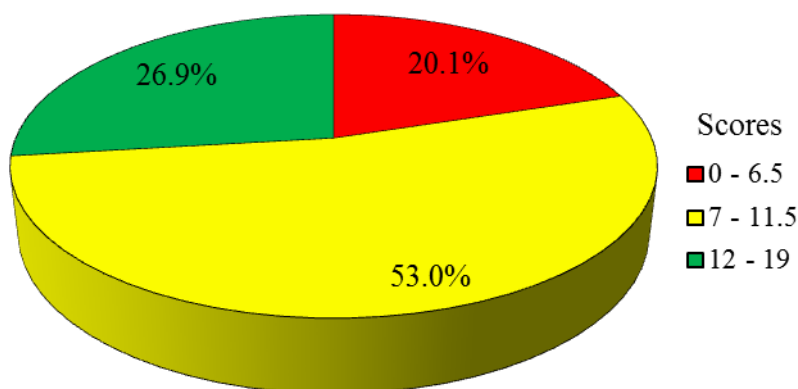


Figure 7: Candidates' Performance in Question 7.

The candidates who scored from 12 to 19 marks were able to examine problems and devised measures to solve the problems facing the new East Africa Community. In part (a) for example, the candidates examined the required number of problems like differences in the level of development, lack of commitment, poor transport and communication system and lack of common currency. In part (b), the candidates devised and explained how establishment of common currency, construction of roads and communication networks, security between individual member states can be used to solve the problems facing the new East Africa Community. Extract 7.1 shows a sample of a good response.

Extract 7.1

7 a)	<p>The new East African Community was formed in the year 2000 with new members Rwanda and Burundi who were not members of the former East African community since it consisted of Kenya, Uganda and Tanzania. Thus the new East African community consist of Rwanda, Burundi, Tanzania, Kenya and Uganda. The new East African community is facing the following problems:</p> <p>E.I.T</p> <p>Political instabilities, The member countries of East African community are experiencing political instabilities especially Rwanda and Burundi. For example, in the general elections of Burundi in 2015, The political mis-</p>
9(a)	<p>Lack of common currency. The common currency facilitate exchange process, though the aim of forming an East African community but the integration has not formulate the 'common currency as a result of deficit balance of payment.'</p> <p>Although the problems have explained but still, there is difference in political ideologies, Dual membership of other member, Cetafor and other.</p>

b) As the problems have been well classified and well explained in good manner then there are the tentative measures to be taken by political leaders so as to sort out problems.

Establishment of common currency. Common currency will enable the member countries to transact freely and thus remove out the problem of unfavourable balance of payments which can make a country to loose foreign currency.

Well constructed of roads and communication networks. Transport and communication facilitate movement of people and goods from one point to the other. The roads and communication networks can improve flow of information.

Attainment of similar level of economic development. Both member states should work through government so as can improve economic activities, which in turn will lead to near or similar level of economic development.

Ensuring security between individuals of member states. Every member ^{country} should contribute certain number of soldiers who will be used to protect individual's properties and strengthening peace.

Extract 7.1 shows a sample of responses from a candidate who was able to examine the problems facing the East Africa Community, by providing relevant points in part (a) of the question. Also was able to device tentative measures to solve the problems in part (b).

The candidates who scored from 7 to 11.5 had partial understanding of the subject matter in the topic as a result, they were only able to examine a few problems and measures. In part (a), for example one candidate examined five problems out of which two concerning differences in currency and poor infrastructure were well examined but the points concerning *shortage of marketing, loss of revenues and un employment opportunities* were incorrect. In part (b), some of the candidates failed to give sufficient measures to solve problems facing the new East Africa Community. For example a candidate explained five measures out of which three points like to *improve and develop infrastructure, introduce common currency and maintain the level of economic*

development were insufficiently explained while the other two measures about *improvement of marketing facilities and having enough capital* were irrelevant.

However, candidates who had poor performance were unable to examine and devise tentative measures to solve the problem facing the new East Africa Community. In addition some candidates used wrong approaches in answering the question. In part (a), for example one candidate just listed some points and partially explained only one about *dependency* but was unable to give correct examination on the rest. In part (b), the candidate ended up by mentioning a few solutions like *unit and cooperation, formation of policies* but completely failed to explain how each could be used to solve the problem facing the new East Africa Community. A sample of poor responses is shown in extract 7.2.

Extract 7.2

7	oy East African Community is an organization which is from the East African members where by due to have advantages of establishing this organ the following are problems with facing EAC.
	- There is poverty among member State
	- Un employment problem
	- Capital
	- Economic dependence
	- Low level of Science n technology
	- Poor infrastructure
	- Poor Social Services
	Poverty its among of the main problem with faced East Africa Community where by there is low level of Economy among member States
	Economic dependence its where by EAC members they have economic dependancy they depend on developed economy.

	Low level of science and technology there is the
	problem of low technology among EAC member states
	Un-employment problem was not solved where
	by there is high number of people who leave
	without job that is the problem face EAC
(b)	The following are tentative measures which are likely
	to solve the problems facing the new EAC
	- Should introduce their policy which will
	help to improve their life so that to have
	their job
	- By Cooperate
	- By Unity Strong
	- By having strong leader

Extract 7.2 shows a response from a candidate who listed some points and partially explained only one point about *dependency* but was completely unable to examine on the rest in part (a). The candidate failed to give tentative measures to solve the problems in part (b).

2.2.8. Question 8: Economic Growth and Development

This question had three parts (a), (b) and (c). In part (a), candidates were required to explain economic development. In part (b), to assess four determinants of economic growth while in part (c) candidates were required to evaluate five indicators of a developing country.

The question was attempted by 81.3 percent of the candidates, out of which 39.7 percent scored 12 to 20 marks, 40.9 percent scored from 7 to 11.5 marks and 19.4 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 8 shows the distribution of the candidates' scores.

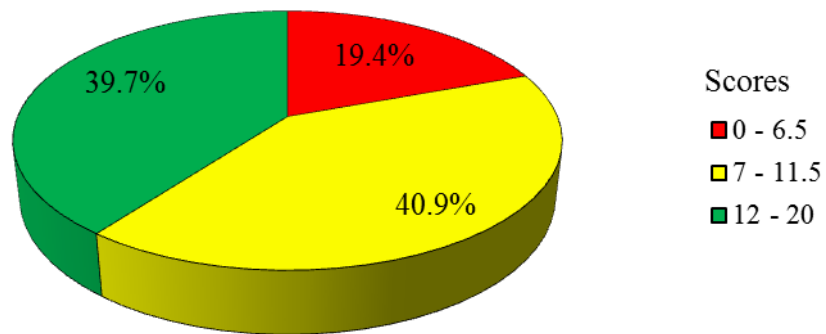


Figure 8: Candidates' Performance in Question 8.

The candidates who had good performance in this question were able to understand the demand of the question and provided adequate responses. In part (a) for example, most of the candidates explained adequately the meaning of economic development and also managed to assess the determinants of economic growth in part (b) such as availability of: natural resources, capital stocks, skilled and unskilled manpower, internal and external market and political stability. And in part (c) the candidates were able to evaluate indicators of a developing country like: low per capita income, low level of technology, poor development of infrastructure and low life expectancy. A sample of good responses is attached in extract 8.1.

Extract 8.1

8a)	Economic development refers to the qualitative and quantitative improvement in the living standards of people in a particular country. Economic development doesn't just deal with quantitative development in terms of income or gross domestic product of a country. It also deals with improvement of welfare of people in a country, reduction in costs of living, Improvement of social services and high life expectancy of the people.
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8 b) Economic growth refers to the quantitative increase or development of the economy of a country. Economic growth is a rapid process and it can be achieved with income inequalities and environmental degradation and it is indicated by increase in gross domestic product of a country and levels of investments. Economic growth is determined by the following factors

Stock of capital goods; If a country has large size of capital stock then the production of goods and services in such a particular country will increase. Thus as production increases, the gross domestic gross product [GDP] of a country also increases, Thus economic growth in a country but small stock of capital resources limits economic growth.

Entrepreneurial capacity; As alot of people desire and involve themselves in enterpreneur businesses whereby they involve themselves in production and starting of their own businesses in the country, leads to increase in production and gross domestic product in a country, Thus economic growth.

Political stability; A country which is politically stable encourages the investors and producers in a country to produce and invest, Thus contribute to the increase in the quantity of goods produced in the country quantitatively, Thus economic growth but political instabilities limit economic growth as it discourages investments in a country

Stock of natural resources; A country which is rich in natural resources like good soil for agriculture and also mineral deposits in it, leads to increase in the production in agricultural sector and also facilitates production of products which need natural resources, Thus leading to economic growth of a country.

2 b/	Therefore, Economic growth refers to only quantitative improvement or development of a economy of a country and it can be achieved even if there is income inequality, unemployment in the country and even if there's environmental degradation. Qualitative development isn't considered in economic growth.
8 c/	Developing country is the country that is ^{not} fully developed and it can also be referred to as less developed country or third world country. Example of a developing country is Tanzania. The following are the indicators of a less developed or developing country: <ul style="list-style-type: none"> Low per capita income; The income per head in developing countries is low since the national income always is smaller than the total population of people in the country. Thus this signifies that there's low living standards of people in that underdeveloped country. Low level of technology; Unlike the developed countries which have high levels of technology, the developing countries like Tanzania have low technological development which leads to excessive dependence of them on foreign technology and the problem of balance of payment deficit through importation of foreign technology. Low life expectancy; The average number of years a person in a developing country is expected to live is lower as compared to developed countries as there's poor provision of health services and food supply is limited and also the eruption of different kinds of diseases such as cholera and spread of HIV/AIDS.

The response in extract 8.1 shows that the candidate had adequate knowledge on the topic of economic growth and development as he/she managed to: explain the meaning of economic development in part (a), assessed the determinants of economic growth in part (b) and evaluated indicators of a developing country in part (c).

The candidates who performed averagely in this question were able to define the concept in part (a), and in part (b), some of the candidates were able to assess a few among the required determinants and in part (c), some of the candidates were unable to evaluate the indicators of a developing country while others provided the indicators of a developed country instead of explaining indicators of a developing country.

However, the candidates who had poor performance failed to meet the demands of the question. In part (a), some of the candidates failed to define economic development. For example, one candidate defined economic development *as: the situation when the economic activities are growing up* providing examples such *as agricultural activities, mining activities* etc. Others were unable to identify and assess the determinants of economic growth because they rather provided indicators of economic growth. For example one candidate provided the points such as: *increase in income of the people, increase in production and increase in employment opportunities* which are indicators of economic growth. A sample of poor responses is shown in extract 8.2.

Extract 8.2

8 a)

Economic development: this is the situation when the economic activities are growing up with the examples agricultural activities, mining activities.

b)

Economic development: is an situation when the economic situation is at high level. So there are factors which show that Economic is growth by looking some other factor.

Increase income of the people: this is the first factor which shows that Economic is growing up because the per income of people will increase also the living standard of people will increase.

Increase in production: this also is among of the factors which determine the Economic is growth because the production of goods and services increase that shows that economic situation is growth.

Increase in employment opportunities: this is another factor which shows that Economic is growth because if the employment to the people who get work if there is increased number of people who get works it means also the Economic is growth.

Furthermore the indicators of the economic growth are Employment opportunities.

LC	The following are indicators which show developing country to the every developing there must be some indicators
	<ul style="list-style-type: none"> - High technology - High life expectancy - Development of Infrastructures e.g railway, road. - Development of town and cities - Good living standard
	High technology system is the one of indicator of any developing country must have introduction of technology so that to ensure develop in other sectors
	Development of infrastructure it's the way of showing a developing country where by there must be good communication and transportation system.
	Development of town and cities where by to every developing country there must be development of towns and cities where by there is exchange of goods.
	Good living standard that means a government provide sites so that people should stay in good standard of life and it will oppose to those poor country to have good life standard.
	High life expectancy it's due to have good living standard of life that make to leave strong.

Extract 8.2 shows the poor responses from a candidate who failed to define economic development in part (a), assess determinants of economic growth in part (b) and in part (c) the candidate provided indicators of a developed country instead of the indicators of a developing country.

2.2.9. Question 9: Economic Planning

In this question the candidates were required to provide five arguments to justify the statement that “planning is a powerful instrument in maintaining economic stability in a country”.

The question was attempted by 58.8 percent of all the candidates, out of which 24.3 percent scored from 12 to 18 marks, 49 percent scored from 7 to 11.5

marks and 26.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally the performance in this question was good. Figure 9 shows the distribution of the candidates' scores.

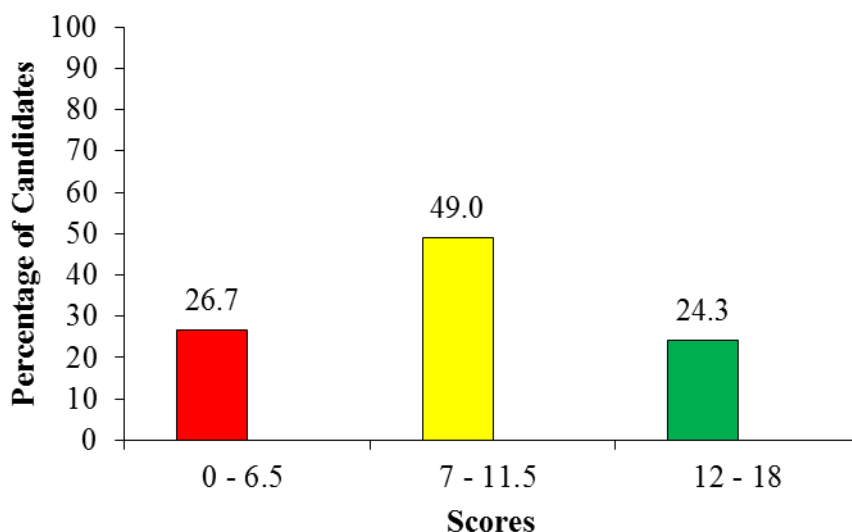


Figure 9: Candidates' Performance in Question 9.

The candidates who scored from 12 to 18 marks were able to answer the question correctly. They provided the advantages of planning such as: planning enables equitable distribution of national income, government to control population growth, government to prevent wasteful competition, government to control terms of trade and government to make proper use of scarce resources. Extract 9.1 shows a sample of the response of the candidate who scored high marks.

Extract 9.1

9. Planning can be defined as the deliberate attempt done by the government in achieving a certain economic, social and political objective so as to bring development in the country. Planning can be done to all economic sectors as Comprehensive planning or to some few sectors like partial planning. It is true that planning is a powerful instrument in maintaining economic stability in the country because of its advantages or importance to the economy of the country as explained below by the advantages or usefulness of planning.

Planning avoids misuses of resources. Resources which are usually scarce are well economised by the planning which would otherwise lead to its misuse. Resources like land, capital, funds and labour are scarce in nature thus through planning economy can be stabilized by reducing unuseful or products which are of excess.

Planning maintains fair Balance of Payment Position. Through planning problems occurring in Balance of Payment tends to be reduced and sometimes such deficit in Balance of Payment become minimal due to planning in developing export sector.

Planning avoids wasteful competition as well as negative externalities. Planning is mainly operated under government thus Government interference (intervene) do disturb market forces of demand and supply which is due to interaction and usually in free market, there is competition due to profit motive, then planning avoids such competition which would lead to wastage of resources and negative externalities like pollution.

Planning ensure Equitable Distribution of Wealth. Planning do not exclude any one (member of the society) whether rich or poor then through provision of services like education, health, water supply and power supply can lead to even distribution of wealth hence reduces inequalities among people.

Planning provides employment opportunities to people and easier to mobilize foreign aid. Government plans in establishment of development sectors like industries, factories, roads, railways and even education in opening schools and health centres facilitates reduction of

9,	unemployment to skilled and unskilled population, Also planning helps in seeking of foreign aid which would be used in development activities like from World Bank, International Monetary Fund.
	Therefore; Planning is very powerful instrument in maintaining economic in the country however planning can lead to Limited Consumer Sovereignty, discourage private initiative and incentives and also planning can lead to misuse and mismanagement of funds by political leaders. Also planning has not been so successful in developing countries due to factors like inadequate funds, lack of planning machinery, Poor Economic Infrastructure and Poor policies formulated by the government.

Extract 9.1 shows a sample of a response from a candidate who justified the statement that “planning is a powerful instrument in maintaining economic stability in a country”. He/she was able to give the points which meet the demands of the question.

The candidates who had average performance did not understand the demands of the question. Some were able to give insufficient arguments in justifying the statement. On the other hand, other candidates reproduced their points and supported them with weak arguments. For example, one of the candidates repeatedly explained that planning *prevent misuse of resources, leads to best use of resources and leads to proper allocation of resources.*

The candidates who performed poorly were not able to understand the demands of the question which led to failure to justify the statement. For example, one candidate poorly defined the term planning *as the set of economic goals to be achieved* instead of justifying how planning is a powerful instrument in maintaining economic stability. Other candidates explained the effects of planning. For example, one candidate argued that planning leads to *political stability and employment opportunity* which was wrong and others failed to provide relevant conclusions by writing that the above are the functions or the importance of planning, a conclusion which didn't reflect the demands of the question. A sample of a poor response is attached in extract 9.2

Extract 9.2

9.	Plan is a set of goals to be achieved. Economic planning are the sets of economic goals to be achieved. Economic planning is divided into two types which are partial planning which cover only one individual sector and comprehensive planning which all sectors of economy are taken into consideration.
	The following are the reasons of saying that "Planning is a powerful instrument in maintaining economic stability in the country".
	Leads to political stability in the country.
	The planning of the economic can be used to make the political stability.
	Employment opportunities. In planning people can be employed through planning time. So the Economic planning employ people.
	Increase the standard of living of the people.
	Due to the employment.
	Increase the national income.

Extract 9.2 shows a sample of a response from a candidate who failed to follow the requirements of the question. He/she provided the effects of planning instead of the advantages.

2.2.10. Question 10: International Trade

This question had two parts (a) and (b). In part (a), the candidates were required to differentiate current account from capital account while in part (b), the candidates were required to give seven reasons to show that international trade is vital to the domestic economy.

The question was attempted by 12.0 percent of the candidates, out of which 17.5 percent scored from 12 to 18.5 marks, 51.8 percent scored from 7 to 11.5 marks and 30.7 percent scored from 0 to 6.5 out of the 20 allotted marks. Generally, the performance in this question was good. Figure 10 shows the distribution of the candidates' scores.

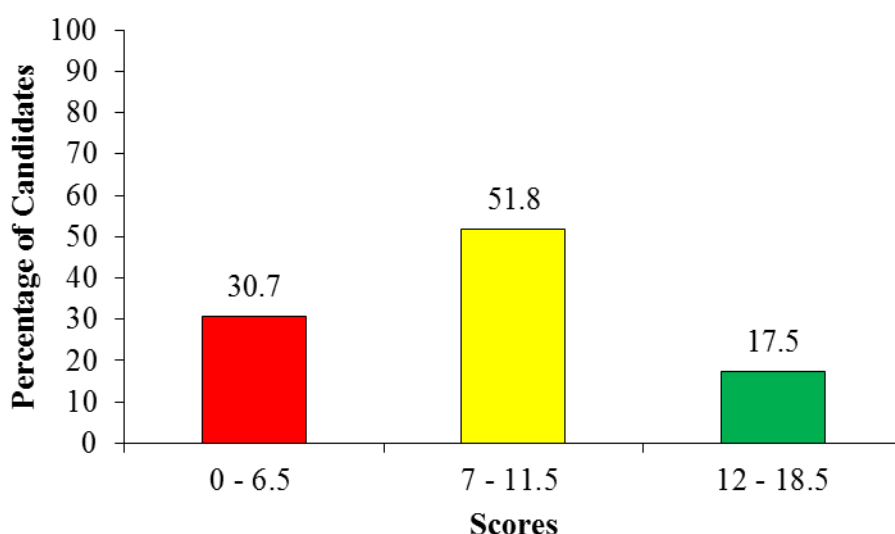


Figure 10: Candidates' Performance in Question 10.

The candidates who scored from 12 to 18.5 marks were able to understand the demands of the question. They were able to distinguish current account from capital account in part (a) and show how international trade is vital to the domestic economy that it enables a country to earn foreign currency, get those goods it cannot produce and widen its market in part (b). Extract 10.1 is a sample of a good response.

Extract 10.1

Q	a. Current account. is the kind of account where the visible and invisible import goods are recorded on one side and visible and invisible export goods are recorded on the another side. Visible import and export are those goods which can be seen and touched while invisible imports and export are those goods which can not be seen and touched. while Capital account is the account which record the inflow and the outflow of capital. Inflow of capital means the earnings from abroad and the outflow of capital means the payment to abroad.
	10 b. International trade is the trade among the nations. For example trade between Tanzania and China, international trade involve selling to abroad which is export and buying from abroad which is import. The following are the advantages of international trade to the domestic economy Transfer of technology from abroad to the domestic economy, through international trade the nation will be able to import technology inform of machines or information from abroad to the domestic economy For example importing Machine from Japan to Tanzania industries. Foreign exchange, through trade among the nations the country will obtain foreign exchange which will enable the country to minimize the exchange rate difficulties. For example trading with USA, Tanzania will obtain Dollar from USA. Expansion of the market and develop of trade, through trade among the nations a country

10b will be able to expand her market and sell commodities. For example Tanzania will be able to sell her surplus agricultural products through international trade.

Increase of the employment opportunities and domestic production, trade among the nations facilitate the expansion of domestic production leading to many employment opportunities to the domestic population. Hence the standard of living and government revenue will increase.

Improvement of the welfare of the people through international trade people will be provided with varieties of commodities which are of high quality and low cost. For example the country may import the computers from Japan or China.

Improvement of the domestic industries and investment, since international trade encourage specialisation hence the domestic industry will be encouraged to produce at a mass to meet the demand of the international trade. For example Tanzania may specialise in producing cloth hence the textile industries will benefit more.

Increase of the government revenue, through international trade the country will expand revenue due to high production. For example the government will get more revenue from indirect taxes which are imposed on goods and services.

But also the international trade will be a headache to the economy due to imported inflation where the country may import commodities from the country affected by inflation. This importation of harmful products like second hand clothes and expired food commodities.

Extract 10.1 shows a response from a candidate who managed to distinguish the term current account from capital account and provided the importance of international trade to the domestic economy.

The candidates who had average performance were unable to distinguish current account from capital account in part (a). In part (b), the candidates provided insufficient explanation on the importance of international trade to the domestic economy. For example, in part (a) one candidate defined current account as a *special account for high income earners* and capital account as the *account which can be used by poor and rich people*. In part (b), the

candidates mentioned correct points about *transfer of technology, increase in production of goods, increase in government revenue and GNP* but the candidate failed to use them to show how international trade is vital to the domestic economy.

However, there are some candidates who did not perform well. These candidates failed to distinguish current account from capital account in part (a). Also they failed to show the importance of international trade to the domestic economy. For example, one of the candidates provided the reasons for international trade instead of the importance of international trade to the domestic economy and others provided incorrect responses which do not meet the requirements of the question. Extract 10.2 shows the sample of a poor response.

Extract 10.2

10a/	<p>Current account is the account that operates on savings that are always needed for consumption of routine activities. It is a short-term account that concentrates on savings of individual savings for personal consumption.</p> <p>Capital account is the account that involves long-term savings where the savings are to be utilised for the future example for 10 years. That generating future consumption.</p>
10b/	<p>International trade is the trade that involves exchange of goods and services from one country to the other. From one economy to the other. Basically International trade is necessary in the domestic economy as;</p> <p>Difference in climate; mainly Tanzania as there is variation of climatic conditions in different places such as the support of goods produced also varies for instance the presence of favourable climatic condition influences growth of rice at Mboya but due to favourable climate at Dar es Salaam it supports industrial based due to the temperate climate there is exchange of goods from Mboya to Dar es Salaam that the raw materials will be produced at Dar es Salaam and processed and later being transported to same place.</p>

Extract 10.2 shows a response from a candidate who gave the reasons for International trade instead of the importance of International trade in part (b).

3.0 THE ANALYSIS OF PERFORMANCE PER TOPIC

The topic wise analysis of 2016 ACSEE in Economics subject shows that the performance of the candidates was good as the candidates had good performance in 15 topics out of 18 topics examined in paper 1 and 2. Topics with good performance were: Theory of money (97.9%), Population (95.5%), Privatization (89.9%), National Income (89.4%), Environmental Economics (88.5%), Theory of the Firm (87.7%), Subject Matter of Economics (85.2%), Production (84.1%), Economics Growth and Development (80.6%), Economic Integration and Cooperation (79.9%), Theories of Demand and Supply (76.0%), Marketing and Distribution (75.3%), Market (74.5%), Economic planning, (73.3%) and International Trade (69.3%).

The good performance on the topics is attributed to the fact that, the candidates understood the questions, they were able to identify tasks and had sufficient knowledge on the subject matter of the particular topics.

The averagely performed topics were: Structure of Tanzanian Economy and Public Finance as with 54.3 percent and 47.8 percent respectively. Average performance was a result of misconception of some concepts and lack of mastery of the subjects in different areas.

The performance in the topic of Financial Institutions was weak with an average of 6.5 percent. The poor performance in this topic was attributed to wrong interpretations of the requirements of the question and inadequate knowledge on the topic. In order to improve the performance in this topic, teachers should be encouraged to use guest-speakers, practical experiences such as banks, markets, entrepreneurial skills in both industrial and agricultural sectors. Also they may use national and international trade exhibitions such as Sabasaba and Nanenane which are taking place in the country annually to facilitate the learning and teaching process.

The performance of the candidates in the topics tested is summarized in the attached *Appendix*.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 CONCLUSION

The candidates' performance was good. However comparative analysis of candidates' performance of ACSEE 2015, and 2016, shows a slight decline in performance in ACSEE 2016 by 1.7 percent, though many candidates in 2016 ACSEE demonstrated mastery of the subject matter and ability to identify the question tasks and the use of technical terms as reflected by their responses.

4.2 RECOMMENDATIONS

In order to improve the candidates' performance in future, it is recommended that:

- (a) School administrators should team up with subject teachers to facilitate study tours, guest speakers as part of teaching and learning activities in order to broaden students' understanding and enable them to acquire practical skills in different areas of the subject.
- (b) Subject teachers should strive to equip themselves with learner centered teaching and learning methods and also equip themselves with knowledge on current economic issues, apply them in teaching and learning of economics. This will build interest or motivate students in the learning process.
- (c) School administrators should ensure the availability and proper use of internet facilities or online materials as an alternative source of teaching and learning materials in the subject.

Analysis of Candidates' performance in each topic

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SN	Topics	No.of questions	% of the candidates who scored the average of 35 or above.	Remarks
1	Theory of Money	1	97.9	Good
2	Population	1	95.5	Good
3	Privatization	1	89.9	Good
4	National Income	1	89.4	Good
5	Environmental Economics	1	88.5	Good
6	Theory of the Firm	1	87.7	Good
7	Subject Matter of Economics	1	85.2	Good
8	Production	1	84.1	Good
9	Economic Growth and Development	1	80.6	Good
10	Economic Integration and Cooperation	1	79.9	Good
11	Theories of Demand and Supply	1	76.0	Good
12	Marketing and Distribution	1	75.3	Good
13	Market	1	74.5	Good
14	Economic Planning	1	73.3	Good
15	International Trade	1	69.3	Good
16	Structure of the Tanzanian Economy	1	54.3	Average
17	Public Finance	1	47.8	Average
18	Financial Institutions	1	6.5	Weak

