

P220/1
ECONOMICS
Paper 1
Jul. /Aug. 2019
3 Hours



JOINT MOCK EXAMINATIONS, 2019

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES

- Answer **five** questions only.
- Section **A** is **compulsory**. Answers to this section should be concise.
- Answer **four** questions from section **B**.
- **All** questions in section **B** carry equal marks
- Any additional question(s) attempted **WILL NOT** be marked.

SECTION A (20 MARKS)

Answer **all** parts of this question.

1. (a) (i) Distinguish between elasticity of supply and price elasticity of supply. (02 marks)
- (ii) Give any two factors that lead to inelastic supply of a commodity. (02 marks)
- (b) (i) What is meant by marginal propensity to save (MPS)? (01 mark)
- (ii) Given that initial national income of a country is shs. 22 billion and that the MPS is 40%. Calculate the final income in that country. (02 marks)
- (c) (i) Define labour saving techniques of production. (01 mark)
- (ii) Mention any three factors limiting application of labour saving techniques in developing an economy. (03 marks)
- (d) (i) State Irving Fisher's quantity theory of money. (01 mark)
- (ii) State any three assumptions underlying the theory. (03 marks)
- (e) (i) Differentiate between taxable capacity and tax base. (02 marks)
- (ii) Mention any two reasons for the narrow tax base in developing countries. (02 marks)

SECTION B (80 MARKS)

Answer any **four** questions from this section

2. (a) Distinguish between price ceiling and price floor. (04 marks)
- (b) Why may price legislation be desirable in an economy? (16 marks)

3. (a) How does a monopolist firm maximize profits? (06 marks)
- (b) Explain the implications of the existence of absolute monopoly in a developing country. (14 marks)
4. (a) How is the cost of living index computed in an economy? (06 marks)
- (b) Examine the limitations encountered in compilation of cost of living index in an economy. (14 marks)
5. (a) Explain the challenges facing agricultural sector in LDCs. (10 marks)
- (b) Suggest possible measures to promote agricultural sector in LDCs. (10 marks)
6. (a) Explain instruments used by labour organizations to achieve objectives of their members. (08 marks)
- (b) Discuss the factors that influence the success of labour organizations in achieving their objectives. (12 marks)
7. (a) What is meant by regional economic integration? (04 marks)
- (b) Examine the merits and demerits of regional integration. (16 marks)

End