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.

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Turn Over

## 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 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)**

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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**

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