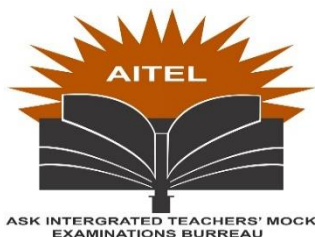


P220/1
ECONOMICS
Paper 1
July/Aug. 2022
3 hours



AITEL JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 Hours

INSTRUCTIONS TO CANDIDATES:

*Attempt **five** questions.*

*Section **A** is **compulsory** and answers to this should be **precise and concise**.*

*Choose any **four** questions from section **B**.*

*All questions in section **B** carry **equal** marks.*

Use of relevant diagrams and neatness will earn you credit.

SECTION A (20 MARKS)

1. (a) Given that an increase in price of commodity X from shs. 1,500 to shs. 1,800 resulted into a change in quantity demanded for commodity Y from 600 units to 570 units.
- (i) Calculate the cross elasticity of demand. (3 marks)
 - (ii) State the relationship between commodities X and Y. (1 mark)
- (b) (i) State any two factors that may lead to an increase in the marginal product of labour. (2 marks)
- (ii) Distinguish between average product and marginal product. (2 marks)
- (c) (i) Define the term “industrial inertia” as used in economics. (1 mark)
- (ii) Why should the government influence the location of an industry? (3marks)
- (d) (i) What is a dual economy? (1 mark)
- (ii) State ant three advantages of a dual economy. (3 marks)
- (e) (i) Differentiate between cash ratio and reserve ratio. (2 marks)
- (ii) Give any two reasons why the reserve ratio may be increased in an economy. (2 marks)

SECTION B (80 MARKS)

2. (a) Distinguish between an increase in supply and a decrease in quantity supplied. (4 marks)
- (b) Examine the factors responsible for a decrease in supply of a commodity to the market. (16 marks)
3. (a) How does a firm in a monopolistic competitive market determine output, price and profits in the long run. (6 marks)
- (b) Explain the merits and demerits of monopolistic competition. (14 marks)

4. (a) Differentiate between disposable income and per capita income. (4 marks)
(b) What are the limitations of using per- capita income to compare standards of living between countries? (16 marks)
5. (a) Explain the Malthusian population theory. (4 marks)
(b) To what extent is the theory relevant to the developing economies? (16 marks)
6. (a) Examine the causes of underemployment in the developing countries. (10 marks)
(b) What measures are being taken by the government in the developing countries to reduce underemployment? (10 marks)
7. (a) Why is it necessary to formulate economic development plans in a country? (8 marks)
(b) Explain the factors that limit successful implementation of economic development plans in developing countries. (12 marks)

END