PATRICK EXAMINATIONS BOARD

UGANDA ADVANCED CERTIFICATE OF EDUCATION.

S.6 RESOURCEFUL MOCK EXAMINATION 2022

ECONOMICS (P220/1)

3 HOUR

INSTRUCTIONS TO CANDIDATES

- Answer five questions only.

- Section A is compulsory and answers to this section should be precise and concise

- Answer four questions in section B.

- All questions in section B carry equal marks.

SECTION A

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

    (03 marks)

    (ii). What is the relationship between commodity X and Y.

    (01 mark)

    b). (i) Distinguish between a cash ratio and reserve ratio.

    (02 marks)

    (ii). Given that the final amount of credit created is shs. 150,000

billion and the cash ratio is 0.5%. Calculate the initial deposit.
(03 marks)

c). Why may the government undercut consumers' sovereignty?
(07 marks)

d) (i). State Irving fishers' quantity theory of money.
(02 marks)

(ii). State any two assumptions of the theory.
(02 marks)

SECTION B

2a). Distinguish between increase in supply and increase in quantity supplied.
(04 marks)

b). Account for the instability in supply of commodities in an economy. (16 marks)

3a). explain the benefits of economic growth in an economy (10 marks)

b). Account for the low levels of economic development in an economy. (10 marks)

4a). Explain the Keynesian theory of unemployment. (08 marks)

b). Why is it necessary to control unemployment in an economy? (12 marks)

5a). Discuss the basis of monopoly in an economy. (10 marks)

b). Suggest measures being taken to reduce monopoly power in an economy. (10 marks)

6a). What is the significance of computing National income statistics in an economy? (10 marks)

b). Explain the challenges faced while computing National Income statistics. (10 marks)

7a). Explain the Malthusian population theory. (05 marks)

b). To what extent is the theory relevant to the developing country) (15 marks).

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