

P220/1

Economics

Paper 1

September, 2022

3 Hours

CRETA JOINT POST MOCK EXAMINATION

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 in section **B**.*

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

Credit will be given for the use of relevant diagrams where necessary.

Any additional question(s) answered will not be marked.

Draw a grid for marks on your answer booklet and indicate the questions answered.

	For Examiners' use only	
<i>Question Answered</i>	<i>Marks</i>	<i>Examiners' initials</i>
1		
TOTAL		

SECTION A (20 MARKS)

(Answer *all* parts of this question)

1. (a) (i) Distinguish between **composite demand** and **derived demand**.
(02 marks)
(ii) Give **two** examples of composite demand in an economy. (02 marks)
- (b) (i) Define the term **localisation**. (01 mark)
(ii) State **three** adverse effects of localisation in an economy. (03 marks)
- (c) (i) Distinguish between **income multiplier** and **government multiplier**.
(02 marks)
(ii) Given that government expenditure increases from UGX 400,000,000 to UGX 640,000,000 and the marginal propensity to consume is 0.8; calculate the final change in income. (02 marks)
- (d) Outline **four** limitations of the Malthusian population theory in developing countries. (04 marks)
- (e) (i) Define the term **taxable capacity**. (01 mark)
(ii) State **three** benefits of taxation in an economy. (03 marks)

SECTION B (80 MARKS)

(Answer *only four* questions from this section)

2. (a) Distinguish between **change in demand** and **change in quantity demanded**. (04 marks)
(b) Discuss the factors that lead to instability in demand for a commodity in an economy. (16 marks)
3. (a) Distinguish between **statutory monopoly** and **collusive monopoly**. (04 marks)
(b) Assess the consequences of existence of monopoly in an economy. (16 marks)
4. (a) Distinguish between **wage freeze** and **wage restraint**. (04 marks)
(b) Examine the factors that affect the level of wages in an economy. (16 marks)
5. (a) What is meant by the term **foreign aid**? (04 marks)
(b) Why is there need for foreign aid in developing countries? (08 marks)
(c) Explain the dangers of over relying on foreign aid in developing countries. (08 marks)
6. (a) What are the functions of banking financial intermediaries in an economy? (08 marks)
(b) Explain the challenges faced by banking financial intermediaries in developing countries. (12 marks)
7. (a) Differentiate between the **theory of comparative advantage** and **theory of absolute advantage**. (04 marks)
(b) Why is the theory of comparative advantage of limited relevance in developing countries? (16 marks)

END