

***P220/1***  
***Economics***  
***Paper 1***  
***July/August 2022***  
***3hours***

# **BUGANDA EXAMINATIONS COUNCIL MOCKS**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**PAPER 1**

**3HOURS**

## ***INSTRUCTIONS TO CANDIDATES***

- Answer **five** questions only.
- Section A is compulsory. Answers to this section should be precise and concise.
- Answer **four** questions from section **B**.
- All questions in section **B** carry equal marks.
- List the question numbers in the order attempted in the mark grid below.
- Credit will be given for use of relevant illustrations.

- 1a(i) Define the term price discrimination. (01mark)
- (ii) State any three conditions necessary for price discrimination to succeed in an economy. (03marks)
- (b)(i) Given that a Country's Stock of Machinery is shs. 100 billion at the beginning of the year, the total output from the machinery during the year was shs. 500 billion, depreciation cost during the year uses 20%. Calculate the;
- (a) Value of depreciation (02marks)
- (b) Net output during the year. (02marks)
- (c)(i) Distinguish between disguised unemployment and frictional unemployment. (02marks)
- (ii) Give any two solutions to disguised unemployment in an economy. (02marks)
- (d)(i) Differentiate between structural inflation and cost push inflation. (02marks)
- (ii) Mention any two causes of structural inflation in an economy. (02marks)
- (e)(i) Define a labour union. (01mark)
- (ii) Outline any three objectives of a labour union in an economy. (03marks)

### **SECTION B (80 MARKS)**

**Answer any *four* questions from this section.**

- 2(a) Differentiate between increase in supply and increase in quantity supplied. (04marks)
- (b) Account for the instability in supply of commodities in an economy. (16marks)
- 3(a) Distinguish between inward looking and outward looking industrial strategies. (04marks)
- (b) Assess the effects of adopting an inward looking development strategy in developing countries. (16marks)
- 4(a) Explain the principles of planning. (10marks)
- (b) Explain the constraints to implementation of development plans in LDCs. (10marks)
- 5(a) What are the various forms of protectionism used in international trade? (06marks)
- (b) Why may a country carry out protectionism? (14marks)
- 6(a) Given an initial deposit of shs. 1,000,000 and a cash ratio of 25%. Calculate the total deposit that will be created if four banks are involved. (04marks)
- (b) Explain the factors that limit credit creation in an economy. (16marks)
- 7(a) Explain the features of a good tax system. (10marks)
- (b) What are the benefits of imposing taxes in an economy? (10marks)

**END**

**END**