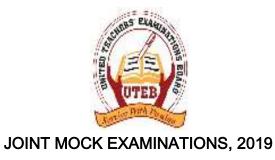
P220/1
ECONOMICS
Paper 1
Jul. /Aug. 2019
3 Hours



## **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.

## **SECTION A (20 MARKS)**

Answer all parts of this question.

1.	(a)	(i)	Distinguish between elasticity of supply and price elasticity of	of supply.
				(02 marks)
		(ii)	Give any two factors that lead to inelastic supply of a commo	odity.
				(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 billio	n 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	g 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 developi	ng 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 I	_DCs.		
			(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 organ	nizations 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