***ECONOMICS P220/1***

***PAPER ONE***

***3 HOURS***

**KING’S COLLEGE - BUDDO**

**UGANDA ADVANCED CERTIFICATE OF EDUCATION**

**INTERNAL MOCK EXAMINATIONS 2020**

**ECONOMICS PAPER 1**

**3 HOURS**

**INSTRUCTIONS TO CANDIDATES**:

* Answer **five** questions.
* 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 extra question(s) attempted in section **B** will not be marked.

**SECTION A (20 marks)**

1. ai) Distinguish between Joint supply and competitive supply. (02 marks)

ii) Mention any two examples of competitive supply in an economy.

(02 marks)

bi) Define the term “public goods” (01 mark)

ii) Give any three challenges faced during delivering public goods in developing economies. (03 marks)

ci) What is meant by the term “liquidity preference”. (01 mark)

ii) State any three causes of high liquidity preference in developing countries. (03 marks)

di) Define the term “Excess capacity” (01 mark)

ii) Outline any three causes of excess capacity in an economy.(03 marks)

ei) Given that the price of commodity Y decreased from shs 15,000 to shs. 10,000 and this caused an increase from commodity x from 2000kgs to 6000kg. Calculate;

1. CED for commodity X and Y. (03 marks)
2. State the relationship between X and Y. (01 mark)

**SECTION B (80 MARKS)**

1. a) Distinguish between labour efficiency and labour productivity.

(04 marks)

b) Explain the factors that limit labour efficiency in developing economies.

(16 marks)

1. a) Define the term agricultural mechanization” (02 marks)

b) Assess the impact of Agricultural mechanization in an economy.

(18 marks)

1. a) Discuss the features of a good Economic development plan. (08 marks)

b) Examine the factors that influence the implementation of an economic development plan in an economy. (12 marks)

1. a) Differentiate between Absolute cost advantage and comparative cost advantage. (04 marks)

b) What are the limitations of comparative cost Advantage in developing countries? (16 marks)

1. a) Explain the process of credit creation by commercial banks.(08 marks)

b) Account for limited credit creation in developing countries. (12 marks)

1. a) What are the causes of Income disparities in developing economies?

(10 marks)

b) Discuss the effects of income disparities in developing countries.

(10 marks)

**END**