**MOCK SET I EXAMINATIONS 2019**

**Uganda Advanced Certificate of Education**

ECONOMICS

**P220/1**

**3Hours**

**INSTRUCTIONS TO CANDIDATES**

* *Section A is compulsory. Answers to this section should be concise.*
* *Answer four questions from section B.*
* *Credit will be given for the use of relevant diagrams.*

**SECTION A (20MARKS)**

1. a(i) Define the term income elasticity of demand. (1mark)

(ii) Given that an individual’s income increased from Shs 160,000 to Shs 200,000 per month and this led to an increase in quantity demanded of a commodity by 10%. Calculate the income elasticity of demand. (3marks)

b(i) What is meant by “a subsistence sector? (1mark)

(ii) Give any three features of the subsistence sector. (3marks)

c(i) Distinguish between currency depreciation and currency devaluation (2marks)

(ii) Mention any two merits of currency depreciation. (2marks)

d(i) What is meant by “public enterprises”. (1mark)

(ii) Give any three reasons for setting up public enterprises in an economy. (3marks)

e(i) State the Keynesian theory of unemployment. (1mark)

(ii) Give any three solutions to the Keynesian unemployment (3marks)

**SECTION B (80 MARKS)**

2. a) Describe the methods of measuring National income in an economy. (6marks)

b) How may the level of National income be raised in an economy. (14marks)

3. a) Asses the effects of labour saving techniques of production in an economy. (12marks)

b) What are the obstacles to technological transfer from developed economies to LDCs? (8marks)

4. a) Distinguish between protectionism and trade liberalization (4marks)

b) Examine the consequences of trade liberalization in an economy. (16marks)

5. a) Distinguish between inward looking and outward looking development strategy. (4marks)

b) Examine the implications of adopting an inward looking development strategy in LDCs. (16marks)

6. a) Account for the need to modernize agriculture in developing countries. (10marks)

b) Explain the factors that limit agricultural modernization in developing countries. (10marks)

7. a) Distinguish between a dead weight debt and a funded debt. (4marks)

b) Discuss the effects of government borrowing in the development of LDCs. (16marks)

**END**