

P220/1

ECONOMICS

Paper 1

July/August.2024

3 hours



UGANDA TEACHERS' EDUCATION CONSULT (UTEC)

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.*

Credit will be given for use of relevant diagrams.

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

SECTION A (20 MARKS)
Answer all parts of this question

1. (a) (i) State the law of diminishing marginal utility. (01 mark)
(ii) Mention any **three** limitations of the law of diminishing marginal utility. (03 marks)
- (b) Given that a country's stock of machinery is valued at shs. 100 billion at the start of the year. The total output from these machines during the year was 20%
Calculate;
(i) The value of depreciation. (02 marks)
(ii) Net output (02 marks)
- (c) Mention any four characteristics of an economy that has reached the take off stage. (04 marks)
- (d) (i) What is meant by the term legal tender? (01 mark)
(ii) Mention any **three** qualities of good money. (03 marks)
- (e) (i) Define the term **tariff**. (01 mark)
(ii) State any **three** non – tariff barriers used in international trade. (03 marks)

SECTION B (80 MARKS)
Answer any four questions from this section

2. (a) Describe the characteristics of a monopolistic competitive market. (08 marks)
(b) How do firms under monopolistic competition determine profits in the;
(i) short run (08 marks)
(ii) long run (12 marks)
3. (a) What is meant by the term economic development strategy? (02 marks)
(b) Explain the merits of diversification in production as an economic development strategy. (18 marks)
4. (a) Why should developing countries industrialize? (10 marks)
(b) Examine the limitations of the import – substitution strategy of industrial development in developing countries. (10 marks)
5. (a) Account for the high rate of unemployment in developing countries. (10 marks)
(b) Explain why unemployment is a problem of concern in developing countries. (10 marks)
6. (a) Distinguish between indicative planning and decentralized planning. (04 marks)
(b) Explain the factors that affect effectiveness of economic development planning in an economy. (16 marks)
7. (a) Differentiate between a dead weight debt and a reproductive debt. (04marks)
(b) Examine the effects of Government borrowing in an economy. (16 marks)

END