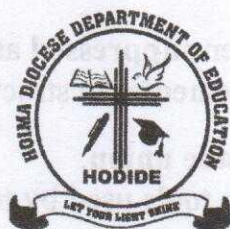


P220/1
ECONOMICS

Paper 1

July/Aug. 2024

3 hours



HOIMA DIOCESE EXAMINATIONS BOARD

UACE Mock Examinations, 2024

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 the use of relevant diagrams.

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

SECTION A: (20 MARKS)

1. (a) (i) Define the term **efficiency** of capital. (01 mark)
(ii) Mention any **three** causes of low efficiency of capital in an economy. (03 marks)
- (b) (i) What is meant by **marginal propensity to consume**? (01 mark)
(ii) Given that the current level of gross national product is shs 600 billion, the increase in national investment expenditure as shs 100 billion and marginal propensity to save as 20%, calculate the final level of national income. (03 marks)
- (c) (i) Distinguish between **suppressed** and **structural** inflation. (02 marks)
(ii) Suggest any **two remedies** to structural inflation. (02 marks)
- (d) (i) Define the term **trade union**. (01 mark)
(ii) Mention any **three tools** used by trade unions to achieve their objectives. (03 marks)
- (e) (i) Distinguish between **balance of payments** and **terms of trade**. (02 marks)
(ii) Give any **two** reasons why developing countries benefit less from international trade. (02 marks)

SECTION B: (80 MARKS)

2. (a) Why may supply for a commodity may **not increase** with its increase in price? (04 marks)
(b) Analyse the factors that cause an **increase** in supply of a commodity in an economy. (16 marks)
3. (a) Explain the methods used to compute national income in an economy. (06 marks)
(b) Discuss the problems faced when computing the GDP in developing countries. (14 marks)
4. (a) Differentiate between **balanced** growth and **unbalanced** growth strategies of economic development. (04 marks)
(b) Examine the impact of balanced growth strategy in developing countries. (16 marks)
5. (a) Explain the **quantity theory** of money. (06 marks)
(b) To what extent is the quantity theory of money relevant to LDCs. (14 marks)
6. (a) Distinguish between **over population** and **under population**. (04 marks)
(b) Suggest **measures** that can be taken to promote to control the high rate of population growth in developing countries. (16 marks)
7. (a) Describe the characteristics of a good tax system. (06 marks)
(b) Explain the role of taxation in the development of an economy. (14 marks)

END