

**P220/1
ECONOMICS
PAPER 1
JULY/AUG 2023
3 hours**

ASSHU ANKOLE JOINT MOCK EXAMINATIONS 2023

Uganda Advanced Certificate of Education

ECONOMICS (P220/1)

TIME: 3HOURS

INSTRUCTIONS

- 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 Questions Answered will not be marked.

SECTION A (20MARKS)

1. (a)(i) Define the term industrial inertia. (1mark)
(ii) Give three causes of industrial inertia. (3marks)
- (b) State four factors that may increase savings in an economy. (4marks)
- (c) (i) Distinguish between progressive tax and regressive tax. (2marks)
(ii) Give any two demerits of regressive taxes. (2marks)
- (d) State four features of drive to maturity stage of economic growth. (4marks)
- (e) Given that an increase in price of commodity N from shs 100,000 to shs 120,000 led to a reduction in quantity demanded of commodity K by 25%.
 - i) Calculate cross elasticity of demand. (3marks)
 - ii) Identify the relationship between the two commodities. (1mark)

SECTION B (80MARKS)

2. (a) Explain the determinants of price in an economy. (8marks)
(b) Explain the effects of price control in an economy (12marks)
3. (a) Distinguish between voluntary unemployment and involuntary unemployment. (4marks)
(b) Why should involuntary unemployment be controlled in developing countries? (16marks)
4. (a) Explain the malthusian population theory. (8marks)
(b) To what extent is the above theory relevant to developing countries? (12marks)
5. (a) How does a Commercial Bank ensure both profitability and liquidity? (10marks)
(b) Explain the challenges faced by Commercial Banks in developing countries. (10marks)
6. (a) Differentiate between Centralized Planning and Decentralised Planning. (4marks)
(b) Why is there need to undertake Decentralized Planning in an economy? (16marks)
7. (a) Distinguish between Direct Taxes and Indirect Taxes. (4marks)
(b) Examine the impact of Indirect Taxes in an economy. (16marks)

END