

P220/1 Economics

Paper 1

July/August 2023

AF EDUCATORS

+256726414565, Otongalex.educator@gmail.com

Uganda Advanced Certificate of Education

ECONOMICS

PAPER 1

TIME: 3 HOURS

Senior Economics Teacher: Mr. Otong Alex, +256726414565. (Call for any assistance)

Instructions to candidates

- Answer **FIVE** questions
- Section **A** is compulsory. Answers to this section should be concise and precise.
- Answer **four** questions from section B
- All questions in section B carry equal marks
- Credit will be given for use of relevant diagrams
- Draw a mark grid on the first page of your answer sheet.
- Any extra question attempted in section B will not be marked.

Senior Economics Teacher: Mr. Otong Alex, +256726414565. (Call for any assistance)

SECTION A: (20 MARKS)

1. (a) (i) State the law of **diminishing marginal utility**. (01 mark)
 (ii) What is the relationship between Marginal utility and price of a commodity? (03 marks)
- (b)(i) What is Gross domestic product at factor cost? (01 mark)
 (ii) Given Net national product at market price, adjust it to Gross domestic product at factor cost. (03 marks)
- (c) (i) Distinguish between **cyclical** and **frictional** unemployment. (02 marks)
 (ii) Give **two** solutions to cyclical unemployment. (02marks)
- (d) (i) Distinguish between “**Demand-pull** and **Cost-push**” inflation. (02 marks)
 (ii) Give any **two** causes of demand -pull inflation in an economy. (02 marks)
- (e) (i) Distinguish between **comprehensive** planning and **perspective** planning. (02 marks)
 (ii) State **two** merits of comprehensive planning. (02 marks)

SECTION B: (80 MARKS)

2. (a) Why is it necessary to interfere with the price mechanism? (10 marks)
 (b) Examine the steps that may be taken to alleviate the defects of the price mechanism. (10 marks)
3. (a) Using illustrations show how profits are maximized by a firm under oligopoly in the short run. (06 marks)
 (b) What are the implications of the existence of oligopoly in an economy? (14 marks)
4. (a) Explain the process of computing price indices in an economy. (08 marks)
 (b) What problems are encountered when computing price indices? (12 marks)
5. (a) Distinguish between **capital intensive** and **labor-intensive** techniques of production (04 marks)
 (b) Under what circumstances may capital intensive techniques of production be employed despite existence of surplus labour? (16 marks)
6. (a) Explain the various stages of economic integration (10 marks)
 (b) What are the limitations to economic integration in developing countries? (10 marks)
7. (a) Explain the features of a good development plan. (10 marks)
 (b) What problems do developing countries face in formulation and implementation of plans? (10 marks)

END

Senior Economics Teacher: Mr. Otong Alex, +256726414565. (Call for any assistance)