

P220/1 Economics

Paper 1

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AF EDUCATORS

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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 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.
- Draw a mark-grid on the first page of your answer sheet. Indicate the number of each question answered on that grid.

SECTION A: (20 MARKS)

1. (a) (i) Define **aggregate demand**. (1 mark)
 (ii) Give **three** factors determining aggregate demand in an economy. (3 marks)
- (b) (i) What is **Net National product**? (1 mark)
 (ii) Given Net National product at factor cost, what adjustments do you make to arrive at Gross National product at Market price? (3 marks)
- (c) (i) Distinguish between **intrinsic money** and **token money**. (2 marks)
 (ii) Give any **two** characteristics of good money. (2 marks)
- (d) (i) What is **disguised unemployment**? ((1 mark)

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- (ii) Mention **three** causes of disguised unemployment in an economy (3 marks)
- (e) (i) Define the term **Deficit financing**. (1 mark)
- (ii) Give **three** reasons why a country may adopt the policy of deficit financing. (3 marks)

SECTION B: (80 MARKS)

2. (a) Distinguish between **elasticity of supply** and **price elasticity of supply**. (4 marks)
- (b) Explain the factors that influence elasticity of supply of a commodity in an economy. (16 marks)
3. (a) Outline the distinguishing features between **Oligopoly** and **Monopolistic competition**. (8 marks)
- (b) With the help of illustrations show how profits are maximized by a firm under Monopolistic competition in the:
- (i) **Short run**; (6 marks)
- (ii) **Long run**. (6 marks)
4. (a) Explain the **marginal productivity theory of distribution**. (6 marks)
- (b) What are the limitations of the marginal productivity theory of distribution? (14 marks)
5. (a) Distinguish between **Balance of Trade** and **Balance of Payments**. (4 marks)
- (b) Account for the persistent Balance of Payments problems in developing countries. (16 marks)
6. (a) Distinguish between **direct** and **indirect** taxes. (4 marks)
- (b) Account for the heavy reliance on indirect rather than direct taxes in developing countries. (16 marks)
7. (a) What are the features of a good development plan? (10 marks)
- (b) Account for the existence of decentralized planning in developing countries. (10 marks)

END

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