

P220/1

Economics

Paper 1

July - August, 2023



UGANDA MUSLIM TEACHERS' ASSOCIATION
UMTA JOINT MOCK EXAMINATIONS 2023
UGANDA ADVANCED CERTIFICATE OF EDUCATION

Economics

Paper 1

3 Hours

INSTRUCTIONS TO CANDIDATES

- Attempt five questions only.
- Section A is compulsory. Answers to this section should be precise.
- Answer four questions in section B.
- All questions in section B carry equal marks.
- Credit will be given for the use of relevant illustration.
- Any extra questions attempted from Section B will NOT be marked.

SECTION A(20 Marks)

- 1(a)(i) What is meant by real income? (1 mark)
- (ii) Mention three factors that cause an increase in real income in an economy? (3 marks)
- b(i) Distinguish between location and localization of an industry. (2 marks)
- (ii) Give any two adverse effects of localization of an industry to an economy. (2marks)
- c(i) State Irving Fisher's quantity theory of money. (1 mark)
- (ii) Mention any three limitations of the quantity theory of money. (3marks)
- d. Country A has export Unit value index of 80 and import unit value index of 105
- (i) Calculate the country A's terms of trade. (2marks)
- (ii) Describe the state of terms of trade of country A. (2marks)
- e (i) Distinguish between tax compliance and tax avoidance. (2marks)
- (ii) Suggest any two measures that can be used to promote tax compliance in an economy. (2marks)

SECTION B (80 Marks)

- 2 (a) Explain how a firm maximizes profit under oligopolistic market using a kinked demand curve? (6 marks)
- (b) How do oligopoly firms increase sales of their products? (14 marks)
- 3 (a) Why should developing countries undertake the export promotion strategy of industrial development? (10marks)
- (b) Discuss the limitations of the export promotion strategy of industrial development in less developed countries.
- 4.(a) Explain the concept of "economy of high wages." (4 marks)
- (b) How does the payment of higher wages benefit the economy? (16 marks)
5. (a) Distinguish between Devaluation and Revaluation of currency. (4 marks)
- (b) Examine the benefits of currency devaluation in an economy. (16 marks)
- 6.(a) What is a budget deficit? (4 marks)
- (b) Suggest measures that can be adopted to reduce budgetary deficits in developing countries. (16 marks)
- 7.(a) What are multinational corporations? (2 marks)
- (b) To what extent are Multinational corporations desirable in less developed countries? (18 marks)

PAPER 2 SECTION A (20 MARKS)

- (a) (1) Differentiate between normal profits and economic profits. (2marks)
- (ii) Give any two uses of profits in Uganda. (2marks)
- (b)(i) Define the term saving (1mark)
- (ii) Mention any three measures that should be taken to increase savings in Uganda. (3marks)
- (c)(i) What is meant by collective bargaining? (1mark)
- (ii) State any three challenges faced by trade unions in Uganda. (3marks)
- (d) (i) Distinguish between structural unemployment and frictional unemployment. (2marks)
- (ii) Give any two causes of frictional unemployment in Uganda. (2marks)
- (c)(i) Distinguish between "centralized planning" and "indicative planning". (2marks)
- (ii) State any two factors that limit centralized planning in Uganda. (2marks)

SECTION B (80 MARKS)

- 2.(a) Assess the effects of agricultural price fluctuations in Uganda. (10marks)
- (b) Describe the measures government should adopt to stabilize prices of agricultural products in Uganda. (10marks)
3. (a) Discuss the sources of monopoly power in Uganda. (10marks)
- (b) Explain the measures that have been taken to control monopoly power in Uganda. (10marks)
- 4.(a) What is the rationale of compiling national income statistics in Uganda? (10marks)
- (b). Discuss the problems encountered in the compilation of national income statistics in Uganda. (10marks)
- 5.(a) Discuss the costs of economic dependence in Uganda. (10marks)

(b) Describe the measures that are being taken to reduce economic dependence in Uganda.
(10marks)

6.(a) Differentiate between assets and liabilities of a commercial bank. (4marks)

(b) Examine the role played by foreign owned commercial banks in Uganda.
(16marks)

7.(a) Examine the effects of levying taxes in Uganda. (10marks)

(b) Discuss the factors that limit the level of tax revenue in Uganda.