

P220/1

ECONOMICS

Paper 1

July/Aug 2023

3 Hours



CENTRAL REGION TEACHERS' ASSOCIATION (CERETA)

UGANDA ADVANCED CERTIFICATE OF EDUCATION

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 use of relevant diagrams.
- ❖ Any additional questions answered will **not** be marked.

TURN OVER

SECTION A (20MARKS)

Answer all parts of this question

- 1 (a) (i) Explain the concept of "**Opportunity Cost**" as used in Economics. (2 marks)
- (ii) Give any two uses of Opportunity Cost Concept to a producer. (2marks)
- (b) (i) Define the term "**Labour Force**" (1mark)
- (ii) Mention any three factors that determine the size of labour force in an economy. (3 marks)
- (c) (i) Define the term "**Marginal Revenue**" (01mark)
- (ii) State the relationship between Average Revenue and Marginal Revenue of a perfectly competitive firm (3marks)
- (d) State any four factors that determine the rate of economic growth in an economy. (4marks)
- (e) (i) Distinguish between **Creeping Inflation** and **Runaway Inflation** (2marks)
- (ii) Mention any two causes of structural Inflation in an economy (2marks).

SECTION B (80 MARKS)

Answer any Four questions from this section.

- 2 (a) Distinguish between Price Ceiling and Price floor. (6marks)
- (b) Examine the merits and demerits of price control in an economy (14marks).
- 3 (a) Describe the features of monopolistic competition in an economy. (8marks)
- (b) Explain the merits and demerits of monopolistic competitive firms in an economy. (12marks)

full time house wiver

- 4 (a) Distinguish between Standard of living and Cost of Living. (4marks)
- (b) Explain the limitations of using income percapita to compare the standard of living in a country over time. (16marks)
- 5 (a) Explain the quantity theory of money (4marks)
- (b) What are the limitations of the quantity theory of money in an economy? (16marks)
- 6 (a) What is "Optimum Population" (4marks)
- (b) Examine the economic implications of an increasing population in an economy. (16marks)
- 7 (a) Distinguish between Trade Creation and Trade liberalization. (4marks)
- (b) Examine the implications of trade liberalization on the economies of developing countries. (16marks).

$AR = \frac{MR}{TO}$

END