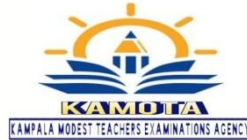


*P220/1*  
*Economics*  
*Paper 1*  
*July/Aug.2023*  
*3 hours*



## **KAMOTA MOCK EXAMINATIONS 2023**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**Paper 1**

**3 hours**

### **Instructions to candidates**

- Answer **five** questions.
- Section A is compulsory.
- Answer only **four** questions from section B.
- All questions in section B carry equal marks.

### SECTION A: (20 MARKS)

1. (a)(i) Distinguish between **direct costs** and **indirect costs**. (02 marks)  
(ii) State any **two** examples of direct costs in an economy. (02 marks)
- (b) (i) Distinguish between **Take home pay** and **Real income**. (02 marks)  
(ii) State any **two** determinants of Real income in an economy. (02 marks)
- (c) (i) Differentiate between **Transfer earnings** and **Economic rent**. (02 marks)  
(ii) Given that a factor of production receives transfer earnings of **shs 200,000** and its economic rent is twice its transfer earnings. Calculate the factor's actual earnings. (02 marks)
- (d) (i) Distinguish between **cyclical** unemployment and **casual** unemployment. (02 marks)  
(ii) Mention any **two** causes of cyclical unemployment in a market economy. (02 marks)
- (e) (i) What is meant by a **perspective plan**? (01 mark)  
(ii) State any **three** qualities of a good development plan. (03 marks)

### SECTION B: (80 MARKS)

2. (a) Define the term **Retail price index**. (02 marks)  
(b) Describe how the cost of living index is computed in an economy. (08 marks)  
(c) Explain the difficulties encountered in computing retail price indices in a developing economy. (10 marks)
3. (a) Explain the shortcomings of price mechanism in an economy. (10 marks)  
(b) What policy measures can be used to minimize the shortcomings of price mechanism? (10 marks)
4. (a) Describe the bases of monopoly power in an economy. (10 marks)  
(b) Explain the measures being taken to control monopoly in developing countries. (10 marks)
5. (a) Explain the **Keynesian theory** of unemployment. (06 marks)  
(b) What are the limitations of the Keynesian theory of unemployment to developing countries? (14 marks)
6. (a) What are the objectives of Trade Unions in developing countries? (06 marks)  
(b) Under what circumstances may Trade Unions in developing countries demand for a pay rise for their members? (14 marks)
7. (a) Account for the privatization of public enterprises in developing countries. (10 marks)  
(b) Explain the problems faced in the process of privatization in developing countries. (10 marks)

**END.**