WAKISSHA JOINT MOCK EXAMINATIONS.

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* **precise** *and* **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 question(s) answered will* **not** *be marked.*

Turn Over

SECTION A (20 MARKS)

Answer **all** parts of this question

1. (a) (i)   Define the term **equilibrium price.** (01 mark)
        (ii) Given that the quantity demanded is 100 - P and quantity supplied of a commodity is 80 + P. Calculate the equilibrium price in shillings. (03 marks)

    (b) (i)   Distinguish between **gradual** and **suppressed** inflation. (04 marks)
        (ii) Give any **two** effects of gradual inflation in an economy. (02 marks)

    (c) (i)   What is meant by **monetary policy?** (01 mark)
        (ii) Give any **three** tools of monetary policy used in an economy. (03 marks)

    (d) (i)   Distinguish between the **balanced** and **unbalanced** growth strategies. (02 marks)
        (ii) Give any **two** adverse effects of the balanced growth strategy. (02 marks)

    (e) (i)   Differentiate between **recurrent expenditure** and **development expenditure.** (02 marks)
        (ii) Mention any **two** principles of government expenditure. (02 marks)

SECTION B (80 marks)

Answer any **four** questions from this section.

2. (a) Distinguish between **derived demand** and **competitive demand.** (04 marks)
    (b) Discuss the factors that cause a shift in the demand curve of commodities in an economy. (16 marks)

3. (a) Account for the need to increase **capital accumulation** in developing countries. (10 marks)
    (b) Explain the steps that can be taken to increase capital accumulation in developing countries. (10marks)

4. (a) What is the significance of computing national income statistics in an economy? (06 marks)
    (b) Explain the problems encountered in compiling national income statistics in an economy. (14 marks)

5. (a) Distinguish between **Agricultural modernization** and **Agricultural mechanization.** (04marks)
    (b) Explain the factors that limit agricultural modernization in developing countries. (16 marks)

6. (a) Analyze the causes of persistent balance of payment deficits in developing countries. (10 marks)
    (b) Explain the effects of balance of payment deficits on an economy. (10 marks)

7. (a) Describe the components of a national budget. (04 marks)
    (b) Discuss the role of a national budget in an economy. (16 marks)

END