

P220/1

Economics

Paper 1

2024

3: hours

**MOCK EXAMINATIONS 2024**

**ECONOMICS**

**PAPER ONE**

Time: 3:00 hours

**SECTION A (20 MARKS)**

Attempt **all** questions in this section

1. a) (i) Define the term **Cross Elasticity** of demand (01 mark)

(ii) Mention any **three uses** of Cross Elasticity of demand.

(01 mark)

b) (i) Distinguish between **Suppressed Inflation** and **Runaway Inflation**. (02 marks)

(ii) Suggest any **two remedies** of Inflation in an Economy.

(02 marks)

c) (i) State the **Big-push theory** of economic growth. (02 marks)

(ii) Give any **three factors** that affect the successful implementations of Big-push strategy of economic growth in developing Countries. (03 marks)

d) (i) What is meant the phrase **Marginal Propensity** to save?

(01 mark)

(ii) Given the current level of GDP is shs. 800 million, the increase in National Investment expenditure is shs. 100 million and Mps as 20% Determine the **final** level of National Income. (03 marks)

e) (i) Differentiate between **Tax Compliance** and **Tax Base**. (02 marks)

(ii) Mention any **two causes** of low tax compliance. (02 marks)

### SECTION B (80 MARKS)

Answer only four questions from this section.

2. (a) Explain **Abnormal supply** situations in an economy. (04 marks)

(b) Discuss the **factors** that cause decrease in the supply of commodities in an Economy (16 marks)

✓ 3. (a) Distinguish between **Real National Income** and **National Income**. (04 marks)

(b) Explain the **Statistical challenges** faced while compiling National Income in developing Countries. (16 marks)

4. (a) Why is there need to accelerate the rate of economic growth in developing Countries. (10 marks)

(b) Suggest **measures** that can be taken to accelerate the rate of economic growth in low developing Countries. (10 marks)

5. (a) Discuss the **methods** of Wage Determination in an Economy. (10 marks)

(b) Assess the **implications** of Wage Disparities in an Economy.

(10 marks)

6. (a) Describe the **functions** of Banking Financial Intermediaries.

(08 marks)

(b) Examine the **role** of Banking Financial Intermediaries in Developing Countries.

(12 marks)

7. (a) Outline the **Principles** of Public Finance.

(06 marks)

(b) Discuss the **role** of taxation to the economic development of an Economy.

(14 marks)

END

Education  
Budgeting  
Income Irregularities

Unemployment  
Social Security

## SECTION A: 20 MARKS:

Answer **ALL** the questions in this section.

- a. i. Distinguish between **Joint supply** and **Composite demand**.  
[02 marks]
- ii. Give any **two** examples of commodities with composite demand in Uganda.  
[02 marks]
- b. i. Differentiate between **Product differentiation** and **Non price competition**.  
[02 marks]
- ii. Outline any **two** ways through which Ugandan firms have attained a larger market share without the use of prices.  
[02 marks]
- c. i. Define the term **Multiplier** as used in National income. [01 mark]
- ii. Given that  $Y = C + I$ ,  $C = 10 + 0.73Y$  and  $I = 50$  where  $Y$  is Income,  $C$  is Consumption expenditure and  $I$  is Investment expenditure, calculate the Multiplier.  
[03 marks]
- d. i. Define a **Long term plan**. [01 mark]
- ii. List any **three** factors that have limited effective Long term planning in Uganda.  
[03 marks]
- e. i. Distinguish between **Payment in kind** and **Time rate as methods of wage payment**.  
[02 marks]
- ii. Give any **two** merits of Time rate method of wage payment.  
[02 marks]



Answer **ONLY FOUR** questions from this section.

2. a. Assess the contribution of foreign capital investment to the development of Uganda. [12 marks] *skills*
- b. Explain the steps being undertaken to attract foreign investors to Uganda. [08 marks]
3. a. Describe the features of Uganda's Industrial sector. [08 marks] *skills*
- b. What problems are faced by Uganda's Industrial sector? [12 marks] *conclusion*
4. a. Explain the Keynesian theory of unemployment. [06 marks] *Govt. capital stock, Small mkt size, Political instability, poor infrastructure, Price fluctuations, high cost of production, poor technology, Investment.*
- b. To what extent is the above theory of relevancy to Uganda? [14 marks]
5. a. What are the causes of Inflation in Uganda? [10 marks]
- b. Explain the measures that have been undertaken to control Inflation in Uganda. [10 marks]
6. a. Differentiate between Public revenue and Public expenditure. [04 marks]
- b. Account for the increasing Public expenditure in Uganda. [16 marks]
7. a. Distinguish between Balance of trade and Terms of trade. [04 marks]
- b. Suggest measures that should be undertaken to correct the Unfavourable Terms of trade in Uganda. [16 marks]

END.