

P220/1 Economics

Paper 1

Set 3

Af Educators

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Uganda Advanced Certificate of Education

ECONOMICS

PAPER 1

TIME: 3 HOURS

INSTRUCTIONS:

- Answer **five** questions
 - Section **A** is compulsory. Answers to Section **A** 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 attempted **will not** be marked.
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SECTION A: 20 MARKS

*Answer **ALL** parts in this Section*

1. (a) (i) What is meant by a mixed economy? (01mark)
(ii) Give any three merits of a mixed economy. (03marks)
- (b) (i) Distinguish between voluntary and involuntary unemployment (02marks)
(ii) State any two causes of voluntary employment in an economy. (02marks)
- (c) (i) Define the term informal sector. (01mark)
(ii) Outline any three characteristics of an informal sector. (03marks)
- (d) (i) Distinguish between a private and a public enterprise. (02marks)
(ii) Give any two reasons for the establishment of public enterprise in your country. (02marks)
- (e) (i) Differentiate between national income at market price and National income at factor cost. (02marks)
(ii) Given that the Gross national income is Shs. 275 Millions and Net income from abroad is Shs. 15Miliions. Calculate the Gross domestic income. (02marks)

SECTION B

2. (a) How are profits maximized in a perfect competition market in the;
- (i) Short run (04marks)
- (ii) Long run (04marks)
- (b) Examine the advantages and disadvantages of perfectly competitive market. (12marks)
3. Study the table below and answer the questions that follow;

Commodity	Base year (1990)	Base year simple index (1990)	Selected year prices 1998	Weight
A	200	100	700	5
B	150	100	500	4
C	500	100	100	3
D	100	100	300	2
E	700	100	1200	1

Calculate the

- (i) Simple price index for each commodity in 1998 (05marks)
- (ii) Weighted index for each commodity in 1998. (05marks)
- (iii) Average weighted price index (02marks)
- (b) Explain the problems encountered when compiling price index. (08marks)
4. (a) Explain the challenges being faced by the private sector in developing countries. (08marks)
- (b) What measures should be taken to promote the private sector in an economy? (12marks)
5. (a) What are the causes of unemployment in an economy? (10marks)
- (b) Explain the effects of unemployment in an economy. (10marks)

6. (a) Distinguish between price elasticity of demand and income elasticity of demand. (04marks)
- (b) Explain the factors that influence price elasticity of demand. (16marks)
7. (a) Examine the role of price mechanism in an economy. (10marks)
- (b) What are the limitations of price mechanism in allocating resources? (10marks)

END