P220/1
Economics
Paper 1
June/July 2022
3 hours

MWALIMU EXAMINATIONS BUREAU

UACE RESOURCE MOCK EXAMINATIONS 2022

ECONOMICS PAPER 1

3 Hours

INSTRUCTIONS

- Attempt five questions in all sections
- Question 1 in section A is compulsory
- Attempt any four questions from section B
- Credit will be given for the use of relevant illustrations

SECTION A (20 MARKS)

1 a) (i) Distinguish between competitive demand and composite demand (02 marks)

(ii) Give two examples of competitive demand in an economy (02 marks)

b) (i) Define the term lateral merging (01 mark)

(ii) State two conditions necessary for lateral integration of firms. (02 marks)

c) (i) Distinguish between National income at factor cost and national income at market price. (02 marks)

ii) Given that Gross Domestic Product at factor cost is 500 billion shillings, net income from abroad is 300 billion shillings and precipitation of capital equipment is 150 billion shillings. Calculate the Net National Product. (02 marks)

d) (i) Distinguish between liquidity ratio and liquidity preference. (02 marks)

(ii) Mention three reasons for high liquidity preference in an economy. (03 marks)

e) State four causes of disguised unemployment in an economy. (04 marks)

SECTION B (80 MARKS)

2. (a). Distinguish between income elasticity and price elasticity of demand. (04 marks)

   (b). Explain the Factors that make demand for a commodity to be price inelastic, in an economy. (16 marks)

3. a) How may monopoly arise in an economy? (04 marks)

   b) Why should government discourage the existence of monopoly? (16 marks)

4. a) Give a distinction between inflation and reflation. (04 marks)

   b) What are the advantages of inflation to an economy. (16 marks)

5. (a) Distinguish between economic growth and economic development in an economy. (04 marks)

   (b) Assess the consequences of economic growth in an economy (16 marks)

6. (a) Discuss the role of the private sector in the development of your country. (04 marks)

   (b) Explain the measures that have been taken to promote the development of private sector in developing countries. (16 marks)

7. (a) Explain the Keynesian theory of unemployment. (06 marks)

   (b) Why is this theory of unemployment of limited relevance to developing countries? (14 marks)

End