P220/1
ECONOMICS
Paper 1
Jul/Aug, 2023
3hours

MATIGO EXAMINATIONS BOARD

PRE MOCK 2023

Uganda Certificate of Education

ECONOMICS

Paper 1

3 hours

<u>INSTRUCTIONS TO CANDIDATES:</u>

Answer ***five*** *questions only*
Section A is compulsory
Answers to section A 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 graphs

Turn Over

SECTION A(20 MARKS) *Answer all questions from this section*				
1	(a)	(i)	Distinguish between '**equilibrium of a firm'** and **equilibrium of an industry**'	(02marks)
		(ii)	Mention **two** necessary conditions for a firm in a perfect competitive industry to be in equilibrium.	(02marks)
	(b)	(i)	Differentiate between '**gross domestic product at factors costs'** and '**net national product at market prices**'.	(02marks)
		(ii)	Given net national product at market prices what adjustments are required to obtain gross domestic product at factor costs.	(02marks)
	(c)	(i)	What is meant by **money supply**?	(02marks)
		(ii)	Calculate the money supply given that the general price level in Uganda is 50 billion, velocity of circulation is 10 and level of transactions is 50.	(02marks)
	(d)	(i)	Differentiate between '**proportional tax**' and '**regressive tax'**	(02marks)
		(ii)	Give **two** effects of proportional tax in a market economy	(02marks)
	(e)	(i)	Differentiate between **managed exchange rate** and **fixed exchange rate**	(02marks)
		(ii)	State **two** demerits of exchange rate control in a market economy	(02marks)
SECTION B (80 MARKS) *Answer FOUR questions*				
2	(a)	Explain the circumstances in which price discrimination is successful		(10marks)
	(b)	Assess the effects of **price discrimination** in a market economy.		(10marks)
3	(a)	Distinguish between **'standard living**' and '**cost of living**'		(04marks)
	(b)	Explain why an increase in gross domestic product (GDP) does not necessarily mean an improvement in the standard of living an economy		(16marks)
4	(a)	Account for the persistent increase in the general price level in developing countries		(10marks)
	(b)	Suggest measures that should be taken to control the persistent increase in the general price level in developing economies		(10marks)
5	(a)	What is meant by **wage legislation**?		(04marks)
	(b)	Examine the implications of wage legislation in a market economy.		(16marks)
6	(a)	Explain the **quantity theory of money** according to Fisher		(06marks)
	(b)	Discuss the limitations to the applicability of the theory of money to a market economy.		(14marks)
7	(a)	Why do developed economies under take economic development planning?		(10marks)
	(b)	Account for the failure to effectively implement economic development plans in developing economies		(10marks)

END

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