P220/1
ECONOMICS
Paper 1
July/August 2019
3 hours

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.*

SECTION A (20 MARKS)

Answer **all** parts of this question

1 (a) (i) What is **equilibrium price?** (01 mark)
(ii) Give any **three** uses of price in an economy. (03 marks)

(b) Study the table below and answer the questions that follow.

Output (kg)	0	10	20	30	40	50
Total cost (Shs)	10,000	36,000	44,000	58,000	60,000	65,000

(i) Calculate the total variable cost when output produced is 40kgs. (02 marks)
(ii) Calculate the average fixed cost when output is 20kgs. (02 marks)

(c) Outline any **four** indicators of economic growth in an economy. (04 marks)

(d) (i) Define a central bank. (01 mark)
(ii) Mention any **three** functions of a central bank. (03 marks)

(e) (i) Distinguish between a reproductive debt and dead weight debt. (02 marks)
(ii) Identify any **two** adverse effects of government borrowing in the development of a country. (02 marks)

SECTION B (80 MARKS)

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

2. (a) Distinguish between **economies of scale** and **diseconomies of scale.** (04 marks)
(b) Why do small scale firms continue to exist in spite of the economies of scale enjoyed by large scale firms? (16 marks)

3. (a) Describe the **three** approaches used to measure National Income in an economy. (06 marks)
(b) Explain the problems encountered while compiling National Income figures in an economy. (14 marks)

4. (a) Distinguish between a **living wage** and a **minimum wage.** (02 marks)
(b) What arguments are forwarded for adopting minimum wage in an economy? (06 marks)
(c) Examine the factors that influence the level of wages in a developing country. (12 marks)

5. (a) Why is there poor performance of the private sector in developing countries? (10 marks)
(b) Suggest measures that should be taken to promote the private sector in developing countries. (10 marks)

6. (a) Explain the principles of taxation. (10 marks)
(b) Why is it necessary to levy taxes in a country? (10 marks)

7. (a) Differentiate between customs union and common market. (04 marks)
(b) What are the benefits of economic integration to an economy? (16 marks)

END