P220/1
ECONOMICS
Paper 1
August, 2019
3 hrs

UNNASE
Community

UNNASE MOCK EXAMINATIONS

Uganda Advanced Certificate of Education
ECONOMICS

Paper 1

3HOURS

INSTRUCTIONS TO CANDIDATES:
Answer ***five*** *questions only.*

Section **A** *is* **compulsory**. *Answers to this section should be co*

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) attempted will **not** *be marked.*

SECTION A (20 Marks)

1 a) (i) Define price elasticity of supply. **(1 mark)**
(ii) Mention three reasons for low elasticity of supply of agricultural products. **(3 marks)**

b) (i) What is stagflation. **(1 mark)**
(ii) Mention three costs of stagflation. **(3 marks)**

c) (i) What is under population **(1 mark)**
(ii) Mention three demerits of under population. **(3 marks)**

d) (i) Distinguish between a surplus budget and a deficit budget. **(2 marks)**
(ii) Give two reasons for drawing deficit budgets in developing countries. **(2marks)**

e) Mention four features of Rostow's "drive to maturity stage" of economic growth. **(4 marks)**

SECTION B (80 MARKS)

2. (a) Explain how profits, price and output is determined by a firm under monopoly in the short run. **(6 marks)**
(b) Examine the effects of monopoly in an economy. **(14 marks)**

3. (a) Distinguish between National income and per capita income. **(4 marks)**
(b) What are the limitations of using per capita income for comparing the standards of living of an economy overtime. **(16marks)**

4. (a) Why is it necessary to control unemployment in developing countries. **(10 marks)**
(b) Explain the measures that should be taken to reduce unemployment in developing countries. **(10 marks)**

5. (a) Given an initial Bank deposit of Shs 250 million and a cash ratio of 10%. Calculate the;
(i) Credit multiplier. **(2 marks)**
(ii) Total credit created. **(2 marks)**
(b) Explain the factors that limit the process of credit creation in developing countries. **(16marks)**

6. (a) What are the causes of Balance of payments problems in developing countries. **(10 marks)**
(b) Explain the measures that can be taken to overcome Balance of payments problems in developing countries. **(10 marks)**

7. (a) Why do developing countries undertake economic development planning. **(10 marks)**
(b) Suggest measures to improve economic development planning in developing countries. **(10 marks)**

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