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UGANDA BUSINESS AND TECHNICAL EXAMINATIONS BOARD

Business and Humanities Certificate Examinations

NOV-DEC 2021 SERIES

PROGRAMME

NCAF, NCBA, NCJM, NCPLM, NCPAM, NCCF, NCTH, NCHRM, NCRIM, NCSOM,

CPS, CCF, CAF, CBA, CBS, CRM, CLS, CSM, CHC, CTH, CPA, CHR

PAPER NAME

PRINCIPLES OF ECONOMICS

PAPER CODE

NCPE123/CPE1203

YEAR I, SEMESTER II

2½ HOURS

FRIDAY, 28TH JANUARY, 2022

INSTRUCTIONS TO CANDIDATES

1. *This paper consists of **two** sections **A** and **B**.*
2. *Section **A** is compulsory and carries **20** marks.*
3. *Section **B** consists of **six** questions. Answer only **four** questions from this section.*
4. *All questions carry equal marks.*
5. *All answers to each question should begin on a fresh page.*
6. ***Do not** write on the question paper.*
7. *All answers and rough work should be done in the official answer booklet provided.*
8. *Non-programmable electronic calculators may be used for this examination.*
9. *Read other instructions on the answer booklet.*

Turn Over

SECTION A – (20 MARKS)

Answer all questions in this Section

Question One

(a) Outline **two** fundamental economic questions that need to be answered by producers before production. (02 marks)

(b) List **two** basic needs of man in the economy. (02 marks)

(c) State **two** characteristics of economic goods. (02 marks)

(d) Define the term **price** as used in economics. (02 marks)

(e) State **two** exceptional cases to the law of demand in an economy. (02 marks)

(f) Given that total cost is UGX 2,100 and fixed cost is UGX 300. Determine the variable cost. (02 marks)

(g) State **two** components of international trade in the economy. (02 marks)

(h) Identify **two** liabilities of commercial banks. (02 marks)

(i) Give **two** examples of transfer payments when determining national income. (02 marks)

(j) List **two** negative effects of increased money supply in an economy. (02 marks)

SECTION B - (80 MARKS)

Answer only four questions from this section

Question Two

(a) Distinguish between the following terms as used in economics.

(i) Micro-economics and macro-economics (04 marks)

(ii) Normative and positive economics (04 marks)

(iii) Transformation curve and choice (04 marks)

(b) Discuss **four** fundamental macro - economic problems in Uganda. (08 marks)

Question Three

(a) You are provided with the demand schedule of beans.

Price per unit (shs)	500	900	1300
Quantity (kg)	25	16	10

Using the demand schedule above, draw a demand curve. (06 marks)

(b) Discuss **seven** factors that influence the demand for a commodity. (14 marks)

Question Four

Alice bought 500 trays of eggs at UGX 8000 each. When the price increased to UGX 10,000 she bought 400 trays of eggs.

(a) (i) Calculate the **price elasticity** of demand of the eggs. (05 marks)

(ii) Identify the nature of the commodity above. (01 mark)

(b) Explain **seven** factors which affect the price elasticity of demand of a commodity. (14 marks)

Question Five

Uganda measures the monetary value of goods and services produced per year which helps in economic comparison with other countries.

(a) Explain the **three** approaches used during the above exercise. (06 marks)

(b) Describe **five** challenges faced by the authorities while carrying out this exercise. (10 marks)

(c) Propose **two** ways to overcome some of the challenges in 5(b). (04 marks)

Question Six

(a) Explain **four** functions of commercial banks. (08 marks)

(b) Discuss **four** challenges faced by such commercial banks in Uganda. (08 marks)

(c) Suggest **two** remedies to the challenges in 6(b). (04 marks)

Question Seven

Countries trade with each other for economic benefits. You have a plan to become an importer after your studies;

(a) Explain **five** benefits that may be enjoyed from such trade. (10 marks)

(b) Discuss **five** disadvantages associated with such trade. (10 marks)

END