

P220/1  
S.6 ECONOMICS  
Paper 1  
June/July, 2019  
3 hours

Uganda Advanced Certificate of Education  
RESOURCEFUL MOCK EXAMINATIONS 2019  
ECONOMICS  
Paper 1  
3 hours

INSTRUCTIONS

- Answer **five** questions. Section **A** is **compulsory** and answers to this section should be concise.
- Answer **four** questions in section **B**.

**SECTION A (20 marks)**

1. (a) (i) What is meant by a transformation curve? (01 mark)  
(ii) Mention any three factors that may cause a transformation curve to shift outwards. (05 marks)
- (b) (i) State the law of diminishing returns. (01 mark)  
(ii) Give any three assumptions of the law of diminishing returns. (03 marks)
- (c) (i) Define the term marginal propensity to save. (01 mark)  
(ii) Given that the current level of GDP is 300 million shillings, the increase in national investment expenditure is 50 million shillings and MP<sub>s</sub> is 0.2. Find the final level of National income. (03 marks)
- (d) (i) Define the term “informal sector” (01 mark)  
(ii) State any 3 features of an informal sector (03 marks)
- (e) (i) What is meant by monetary policy? (01 mark)  
(ii) State any 3 features of an informal sector (03 marks)

**SECTION B (80 MARKS)**

2. (a) Why do prices of agricultural products fluctuate? (10 marks)  
(b) What are the effects of agricultural price fluctuations on an economy? (10 marks)
3. (a) Differentiate between disposable income and per capita income. (04 marks)  
(b) What are the limitations of using per capita income to compare standards of living between countries? (16 marks)
4. (a) Examine the cause of inflation in an economy. (10 marks)  
(b) Suggest measures that should be taken to control inflation in an economy. (10 marks)
5. (a) Explain the Malthusian population theory. (06 marks)  
(b) To what extent is this theory relevant in developing countries? (14 marks)
6. (a) Distinguish between economic growth and economic development. (04 marks)

- (b) Explain the costs of economic growth in an economy. (16 marks)
7. (a) Define the term foreign Aid. (02 marks)
- (b) Assess the impact of foreign aid on the development of an economy. (16 marks)

**END**