

P220/1
ECONOMICS
PAPER 1
AUGUST, 2016
3 HOURS

**Uganda Advanced Certificate of Education
RESOURCEFUL MOCK 2016**

ECONOMICS

Paper 1

3 Hours

INSTRUCTIONS:

- *Section A is **compulsory***
- *Answers to this section should be **precise and concise**.*
- *Answer **four** questions from section B.*
- ***Credit** will be given for use of relevant graphs.*

SECTION A: (20 Marks)

- 1.(a)(i) Distinguish between **gross domestic product of factor costs** and **net national product of market price**. (02mks)
- (ii) Given gross domestic product of factor costs, what adjustments are required to obtain net national product at market prices? (02mks)
- (b)(i) Differentiate between **big push theory** and **balanced growth theory** of economic growth. (02mks)
- (ii) State any **two factors** that limit the implementation of big push strategy of economic growth in your country. (02mks)

- (c)(i) Distinguish between **frictional** and **structural** unemployment. (02mks)
(ii) Mention **two causes** of frictional unemployment in a market economy. (02mks)

TURN OVER

- (d)(i) Distinguish between **currency devaluation** and **currency depreciation**. (02mks)
(ii) Given the **exchange rate** of 1 U.S \$ for Shs.2,900, if Uganda devalued her currency By **10%**. Calculate the **new exchange rate**. (02mks)
- (e)(i) Distinguish between **reproductive** and **dead weight debt**. (02mks)
(ii) State **two methods** of settling public debts in developing countries. (02mks)

SECTION B: (80 Marks)

Attempt any four questions in this section

- 2.(a) Distinguish between **price legislation** and **price discrimination**. (04mks)
(b) Discuss the **reasons** for the existence of price legislation in a market economy (16mks)
- 3.(a) Differentiate between **economic growth** and **economic under-development**. (04mks)
(b) Discuss the **factors** that influence economic growth rate in developing economies. (16mks)
- 4.(a) State the **marginal productivity theory of distribution**. (02mks)
(b) Examine the **applicability** of the marginal productivity theory of distribution to developing economies. (18mks)
- 5.(a) Distinguish between **cost push inflation** and **demand pull inflation**. (04mks)
(b) To what **extent** is inflation in developing economies caused by rising costs of production. (16mks)

- 6.(a) Describe the **features** of an economic union. (06mks)
(b) Discuss the **factors** that limit economic integration in developing economies. (14mks)
- 7.(a) Distinguish between **centralized** and **decentralized planning**. (04mks)
(b) Examine the **implications** of decentralized planning in developing economies. (16mks)

END.