

P220/1
ECONOMICS
Paper 1
July 2019
3 Hours

ACEITEKA MOCK EXAMINATIONS 2019
Uganda Advanced Certification of Education

ECONOMICS

Paper 1

3 Hours

INSTRUCTIONS:

- i. Answer five questions.*
- ii. Section A is compulsory.*
- iii. Answer four questions in section B.*
- iv. Use of relevant illustrations will lead to more marks.*

Section A: (20 marks)

1. a. (i) Distinguish between conglomerate merging and lateral merging. (02 marks)
(ii) State any two conditions for the success of lateral merging in an economy
(02 marks)
- b. (i) Define the term competitive supply. (01 mark)
(ii) State any three examples of competitively supplied goods in an economy.
(03 marks)
- c. (i) Distinguish between Gross Domestic Product at factor cost and Net National Product at market price. (02 marks)
(ii) Given that NDP at market price is Shs. 235 billion and Negative taxes are Shs.5 billion while outlays are Shs. 25 billion. Calculate GDP at factor cost.
(02 marks)

- d. State any four indicators of economic development in an economy. (04 marks)
- e. (i) Distinguish between partial planning and perspective planning. (02 marks)
(ii) Mention any two demerits of partial planning in an economy. (02 marks)

Section B (80 Marks)

2. (a) What are the underlying assumptions of a perfectly competitive market in an economy? (08 marks)
(b) Explain how profits are maximised under perfect competition market in the:
(i) Short run (06 marks)
(ii) Long run. (06 marks)
3. (a) Explain the factors that limit investment levels in an economy. (10 marks)
(b) Explain the measures being adopted to encourage investment in developing countries. (10 marks)
4. (a) Define the term 'development strategy'. (04 marks)
(b) "Developing countries should embark on the inward looking industrial development strategy to attain higher rates of economic growth". Discuss. (16 marks)
5. (a) Distinguish between disguised unemployment and full employment. (04 marks)
(b) Why is it difficult to attain full employment in developing countries? (16 marks)
6. (a) Distinguish between a minimum wage legislation and maximum wage legislation. (04 marks)
(b) Explain the merits and demerits of a minimum wage in an economy. (16 marks)
7. (a) What are the features of a good development plan? (10 marks)

- (b) Explain the factors that limit the effective implementation of a development plan in developing countries. (10 marks).

END