

P220/1
ECONOMICS
Paper 1
Nov./Dec. 2015
3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer five questions only.

Section A is compulsory. Answers to this section should be concise.

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)

Answer all parts of this question

1. (a) (i) Differentiate between **inferior goods** and **complementary goods**. (02 marks)
- (ii) Give any **two** examples of complementary goods. (02 marks)
- (b) (i) What is meant by the term **Real Gross Domestic Product**? (01 marks)
- (ii) Given that nominal Gross Domestic Product is Shs150,000,000,000 and the consumer price index is 105, calculate the real Gross Domestic Product. (03 marks)
- (c) State any **four** features of Rostow's **transitional stage** of economic growth. (04 marks)
- (d) (i) Define the term **cyclical unemployment**. (01 mark)
- (ii) Suggest any **three** measures that should be adopted to minimise cyclic unemployment in an economy. (03 marks)
- (e) (i) Differentiate 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)

Answer any four questions from this section.

2. (a) How is national income measured in an economy? (06 marks)
- (b) Explain the problems faced when compiling national income in an economy. (14 marks)
3. (a) Distinguish between economic growth and economic development. (04 marks)
- (b) Explain the benefits of economic growth in an economy. (16 marks)

4. (a) Account for the price fluctuations of agricultural products in an economy. *(10 marks)*
- (b) Suggest measures that should be taken to stabilise prices of agricultural products in an economy. *(10 marks)*
5. (a) Describe the process of credit creation by Commercial banks. *(10 marks)*
- (b) What factors limit the ability of Commercial banks to create credit in an economy? *(10 marks)*
6. (a) Explain the causes of inflation in an economy. *(06 marks)*
- (b) Suggest measures that should be taken to control inflation in an economy. *(14 marks)*
7. (a) Describe the features of a good tax system. *(08 marks)*
- (b) Explain the role of taxation in the development of a country. *(12 marks)*