

P220/1
ECONOMICS
Paper 1
Nov./Dec.2016
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) answered will not be marked.

SECTION A (20 MARKS)

Answer all parts of this question

1. (a) (i) Differentiate between perfect oligopoly and imperfect oligopoly. (02 marks)
- (ii) Give any **two** advantages of oligopolistic markets to the consumer. (02 marks)
- (b) (i) State the Big-push theory of economic development. (01 mark)
- (ii) Give any **three** factors that may limit the adoption of the Big-push strategy in developing countries. (03 marks)
- (c) (i) Distinguish between elasticity of demand and price elasticity of demand. (02 marks)
- (ii) State any **two** factors that determine elasticity of demand. (02 marks)
- (d) State **four** functions of money in an economy. (04 marks)
- (e) (i) Distinguish between nationalisation and privatisation of enterprises. (02 marks)
- (ii) Give any **two** merits of privatisation in an economy. (02 marks)

SECTION B (80 MARKS)

Answer any four questions from this section.

2. (a) Describe the **three** approaches to the computation of national income. (06 marks)
- (b) What are the statistical challenges faced during the computation of national income? (14 marks)
3. (a) Define the term Foreign Aid. (02 marks)
- (b) Assess the impact of Foreign Aid on developing economies. (18 marks)

4. (a) Distinguish between efficiency of labour and mobility of labour. (04 marks)
- (b) Explain the factors that determine the efficiency of labour in an economy. (16 marks)
5. (a) What are the causes of youth unemployment in developing countries? (10 marks)
- (b) Assess the impact of unemployment in an economy. (10 marks)
6. (a) What is meant by the term managed floating exchange rate? (04 marks)
- (b) Examine the merits and demerits of a managed floating exchange rate in an economy. (16 marks)
7. (a) Differentiate between hyper inflation and creeping inflation. (04 marks)
- (b) Explain the effects of inflation in an economy. (16 marks)