

P220/1
ECONOMICS
Paper 1
Jul./Aug. 2025
3 hours



WAKISO-KAMPALA TEACHERS' ASSOCIATION (WAKATA)

WAKATA MOCK EXAMINATIONS 2025

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 from section **B** carry equal marks.*

Credit will be given for the 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) Distinguish between **gross domestic product at factor costs** and **net national product at market price**. (02 marks)
(ii) Given gross domestic product at factor cost, what adjustments are required to obtain net national product at market price? (02 marks)
- (b) (i) Differentiate between **big push theory** and **balanced growth theory** of economic growth. (02 marks)
(ii) State any **two** factors that limit the implementation of big push strategy of economic growth in an economy. (02 marks)
- (c) (i) Distinguish between **frictional** and **structural** unemployment. (02 marks)
(ii) Mention **two** causes of frictional unemployment in a market economy. (02 marks)
- (d) (i) What is the meaning of **bank multiplier**? (01 mark)
(ii) Calculate total credit created given that bank deposit in Uganda shillings is 1,000,000 and cash ratio is 0.01%. (03 marks)
- (e)(i) Distinguish between **reproductive debt** and **dead weight debt**. (02 marks)
(ii) State **two** methods of settling public debts in developing economies. (02 marks)

SECTION B: (80 MARKS)

Answer any four questions from this section

2. (a) Distinguish between **Price legislation** and **Price discrimination**. (04 marks)
(b) Discuss the reasons for the existence of price legislation in a market economy. (16 marks)
3. (a) Differentiate between **economic growth** and **economic under development**. (04 marks)
(b) Discuss the factors that influence economic growth rate in an economy. (16 marks)
4. (a) State the marginal productivity theory distribution (02 marks)
(b) Examine the applicability of the marginal productivity theory of distribution to developing countries. (18 marks)
5. (a) Distinguish between **cost push inflation** and **demand pull inflation**. (04 marks)
(b) To what extent is inflation in developing economies caused by rising costs of production? (16 marks)
6. (a) Describe the features of an economic union. (06 marks)
(b) Discuss the factors that limit economic integration in developing economies. (14 marks)
7. (a) Distinguish between **centralized planning** and **decentralized planning**. (04 marks)
(b) Examine the implications of decentralized planning in an economy. (16 marks)