

P220/1
ECONOMICS
Paper 1
3 Hours



APEX EXAMINATION COUNCIL

Uganda Advanced Certificate of Education

Pre-Registration Examination 2025

ECONOMICS P220/1

Paper 1

3 Hours

INSTRUCTIONS TO CANDIDATES:

- Answer **FIVE** questions.
- 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 the use of relevant diagrams.

FOR EXAMINER'S USE ONLY			
SECTION	ITEM	SCORE(S)	EXAMINER SIGNATURE
A	1		
	2		
B	3		
	4		
	5		
	6		
	7		
TOTAL			

TURN OVER

SECTION A (20 Marks)

- 1 a) (i) What is an opportunity cost curve? (1 mark)
(ii) Mention any three factors that may cause a shift in the opportunity cost curve. (3 marks)
- b) (i) Define income elasticity of demand. (1 mark)
(ii) Given than increase in Tom's income from Shs 1,200,000 to Shs 1,600,000 per month led to a decline in the quantity demanded of commodity W by 25%. Calculate the income elasticity of demand. (3 mark)
- c) (i) Distinguish between structural inflation and imported inflation. (2 marks)
(ii) Suggest any two solutions to structural inflation in developing countries. (2 marks)
- d) (i) Differentiate between collective bargaining and picketing. (2 marks)
(ii) Mention two objectives of trade unions in developing countries. (2 marks)
- e) (i) What is liquidity preference? (1 mark)
(ii) Mention three reasons for high liquidity preference in developing countries. (3 marks)

SECTION B (80 MARKS)

2. (a) How does an oligopoly firm maximize profits in the short run. (6 marks)
(b) Assess the impact of the existence of oligopoly in an economy. (14 marks)
3. (a) Differentiate between standard of living and cost of living. (4 marks)
(b) Discuss the limitations of using per capita income for comparing standard of living between countries. (16 marks)
4. (a) Distinguish between demand of money and supply of money (4 marks)
(b) Explain the determinates of money supply in an economy (16 marks)
5. (a) Discuss the benefits of employment in an economy. (10 marks)
(b) Why is it difficult to achieve full employment of labour in an economy. (10 marks)
6. (a) Explain the principles of a good tax. (10 marks)
(b) What is the rationale for levying taxes in an economy. (10 marks)
7. (a) What is meant by efficiency of labour? (4 marks)
(b) Examine the factors that influence efficiency of labour. (16 marks)

END



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