UGANDA BUSINESS AND TECHNICAL EXAMINATIONS BOARD

Business and Humanities Certificate Examinations

MAY-JUNE 2024 SERIES

PROGRAMME

NCBA, NCSOM, NCRM, NCAF, NCJM, NCPLM, NCPAM, NCCF, NCTH, NCHRM

PAPER NAME

PRINCIPLES OF ECONOMICS

PAPER CODE

NCPE123

YEAR I, SEMESTER II

2½ HOURS

WEDNESDAY, 15TH MAY, 2024

INSTRUCTIONS TO CANDIDATES

1. *This paper consists of **two** sections **A** and **B**.*
2. *Section **A** is compulsory and carries **20** marks*
3. *Section **B** consists of **six** questions. Answer only **four** questions from this section.*
4. *All questions carry equal marks.*
5. *All answers to each question should begin on a fresh page.*
6. ***Do not** write anywhere on this question Paper.*
7. *All answers and rough work should be done in the official answer booklet provided.*
8. *Read other instructions on the answer booklet.*

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SECTION A - (20 MARKS)

Answer all questions in this section

Question One

(a) State **two** assumptions of the production possibility frontier (02 marks)

(b) List **two** types of production. (02 marks)

(c) State **two** factors that determine labour supply in the country. (02 marks)

(d) State **two** sources of capital for a business. (02 marks)

(e) Outline **two** uses of land in an economy. (02 marks)

(f) Given that a factor of production earns UGX 600,000 per month and economic rent is ¾ of the actual earnings. Calculate the transfer earnings of the factor. (02 marks)

(g) List **two** factors that influence the level of investment in Uganda. (02 marks)

(h) Give **two** advantages of microfinance. (02 marks)

(i) State **two** monetary policies operated by Bank of Uganda. (02 marks)

(j) Distinguish **disposable income** from **income in kind**. (02 marks)

SECTION B - (80 MARKS)

Answer only four questions from this section

Question Two

(a) State the law of **diminishing marginal utility**. (02 marks)

(b) Study the table below showing the price and quantity demanded of commodity Z and answer the questions that follow;

Price the consumer is willing to pay in UGX	Amount purchased in Kgs
3,000	1
2,500	2
2,000	3
1,500	4
1,000	5
500	6

Required: Calculate the consumer's surplus if four units of the commodity are purchased. (02 marks)

(c) Explain **eight** factors that influence the level of aggregate demand in an economy. (16 marks)

Question Three

A market is a place where buyers and sellers of goods and services meet. In Uganda, we have several markets for goods and services. As a student of economics;

(a) Explain **five** ways in which sellers will fix prices of commodities in any of the market of stated. (10 marks)

(b) Describe **five** roles of price mechanism in resource allocation. (10 marks)

Question Four

In Uganda, when the price of fuel hikes the purchasing power of the Uganda shilling against the dollar reduces. Fuel prices have been rising almost every week. Today money buys less goods and services than it purchased a few weeks and months back.

(a) Identify the economic situation in the scenario. (02 marks)

(b) Explain **five** causes of this general continuous change to the economy. (10 marks)

(c) Describe **four** negative effects of this economic situation in Uganda. (08 marks)

Question Five

Uganda's economy is largely subsistence with most production neither marketed nor documented. There is little known about productive and monetary performance of sectors in the economy.

(a) Explain **five** challenges that one may encounter, when collecting information about such an economy. (10 marks)

(b) Describe **five** steps that are taken to increase the level of national income in the country. (10 marks)

Question Six

Our interest as a country is always to open the boarders and give freedom to all persons to import and export goods and services. You have been requested to talk about this practice on a radio talk-show.

(a) Identify the economic concept that is denoted in the scenario. (02 marks)

(b) Explain **five** benefits of the concept identified in 6(a). (10 marks)

(c) Discuss **four** causes of the unfavorable terms of the identified concept in 6(a). (08 marks)

Question Seven

Although money has changed in shape, kind and size over the years, modern money for a particular country has remained the same.

(a) Describe **five** features of notes and coins issued by the Central Bank of Uganda. (10 marks)

(b) Discuss **five** roles played by Commercial Banks in Uganda. (10 marks)

END