

P220 /2  
ECONOMICS  
Paper 2  
July / August  
3 hours.

**WAKISSHA JOINT MOCK EXAMINATIONS**  
**Uganda Advanced Certificate of Education**  
**ECONOMICS**  
**Paper 2**  
**3 Hours.**

**INSTRUCTIONS TO CANDIDATES.**

- *Answer four questions only.*
- *'Section 'A' is compulsory. Answers to this section should be precise and concise.*
- *Answer three questions from section 'B'.*
- *All questions in section B carry equal marks.*
- *Credit will be given for use of relevant diagrams.*

SECTION A (40 MARKS)

- 1 (a) (i) What is meant by relative scarcity? (1 mark)
- (ii) Under what circumstances may alternatives be foregone in your country. (3 marks)
- (b) (i) Distinguish between commercial rent and economic rent. (2 marks)
- (ii) Mention two reasons why payment for land is regarded as economic rent. (2 marks)
- (c) (i) Differentiate between nominal income and real income. (2 marks)
- (ii) Give any two determinants of real income in your country. (2 marks)
- (d) (i) Distinguish between intermediate technology and appropriate technology. (2 marks)
- (ii) Mention any two factors that have affected the development of appropriate technology in your country. (2 marks)
- (e) (i) Distinguish between liquidity ratio and liquidity preference. (2 marks)
- (ii) Give any two reasons why people demand for money in your country. (2 marks)
- (f) (i) Differentiate between consumption multiplier and investment multiplier. (2 marks)
- (ii) Given that the current level of GDP is Uganda shillings 500million, the increase in national investment expenditure is Uganda shillings 100 million and MPC is 60%. Calculate the country's final level of national income. (2 marks)
- (g) (i) Distinguish between privatization and divestiture of public enterprises. (2 marks)
- (ii) Give two reasons why your country is encouraging privatization of public enterprises. (2 marks)
- (h) (i) Differentiate between pegged exchange rate and flexible exchange rate. (2 marks)
- (ii) Outline any two advantages of a pegged exchange rate. (2 marks)
- (i) (i) Distinguish between a monetary policy and a fiscal policy. (2 marks)
- (ii) Give any two objectives of fiscal policy in your country. (2 marks)
- (j) (i) Mention any four constraints to effective planning in your country. (4 marks)

SECTION B. (60 MARKS)

2. (a) How are prices for different commodities determined in your country? (6 marks)  
(b) Explain the reason for government setting of prices above the equilibrium price in an economy. (14 marks)
3. (a) Differentiate between savings and investment. (4 marks)  
(b) Explain the factors that have affected investment in your country. (16 marks)
4. (a) Explain the merits of the "Big push" theory of economic growth in an economy. (10 marks)  
(b) Examine the factors that limit the application of the "Big push" theory in your country. (10 marks)
5. (a) Distinguish between improvement approach and transformation approach as used in agriculture. (4 marks)  
(b) Discuss the obstacles to agricultural development in your country. (16 marks)
6. (a) Describe the structure of your country's population. (8 marks)  
(b) Examine the implications of such a population structure on the development of your country. (12 marks)
7. (a) Distinguish between under employment and full employment. (4 marks)  
(b) Why is it difficult to attain full employment in your country? (16 marks)
8. (a) Why is there need for development planning in your country? (10 marks)  
(b) Explain the disadvantages of centralized planning. (10 marks)

END

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## SECTION A (40 Marks)

Answer all questions in this section.

1. a) i) Differentiate between income elasticity of demand and price elasticity of demand (2marks)  
ii) Mention the practical importances of price elasticity of demand in your country. (2marks)
- b) i) Distinguish between industrial inertia and industrial location. (2marks)  
ii) Give two circumstances under which government may influence location of industries in your country. (2marks)
- c) i) Differentiate between marginal propensity to save and average propensity to consume. (2marks)  
ii) Given that an individual's income increased from shillings 200,000 to shillings 350,000 and this led to an increase in savings by shillings 50,000, calculate the marginal propensity to save. (2marks)
- d) State **four** features of the industrial sector in your country. (4marks)
- e) i) What is meant by economic under development? (1marks)  
ii) Mention three causes of economic under development in your country. (3marks)
- f) i) Distinguish between frictional unemployment and disguised unemployment. (2marks)  
ii) Give two causes of disguised unemployment in your country. (2marks)
- g) i) Differentiate between productivity of labour and efficiency of labour. (2 marks)  
ii) State **two** ways of increasing efficiency of labour in your country. (2marks)
- h) i) Define currency depreciation. (1mark)  
ii) Mention **three** causes of currency depreciation in your country. (3marks)
- i) i) Distinguish between a specific tax and value Added tax. (2marks).  
ii) Give two reasons why value added tax is imposed in your country. (2 marks)
- j) i) What is meant by the term "divestiture"? (1marks)  
ii) State any three roles played by the private sector in the development of your country. (3marks)

## SECTION B (60 Marks)

Answer any three questions from this section.

2. (a) Distinguish between capital formation and capital appreciation. (4marks)  
(b) Explain the factors that influence capital formation in your country (16marks)
3. (a) Examine the challenges being faced by the agricultural sector in your country. (10marks)  
(b) Suggest the measures that should be taken to improve on the performance of the agricultural sector in your country. (10marks)
4. (a) Differentiate between optimum population and over population. (4marks)  
(b) Examine the implications of an increasing population in your country. (16marks)
5. (a) Explain the causes of inflation in your country. (10marks)  
(b) What are the steps being taken to tackle the problem of inflation in your country? (10marks)
6. (a) Distinguish between common market and customs union. (4marks)  
(b) Explain the benefits of economic integration to your country. (16marks)
7. (a) Differentiate between a balanced budget and unbalanced budget. (4marks)  
(b) Account for the persistent budgetary deficits in your country. (16marks)
8. (a) Why is there need for decentralized planning? (10marks)  
(b) Explain the constraints to economic development planning in your country (10marks)

**- END-**

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## WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ECONOMICS

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### INSTRUCTIONS TO CANDIDATES:

- Answer **five** questions in all.
- Section A is compulsory. Answers to this section should be precise and concise.
- Answer only **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.

Turn Over



## SECTION A (20 Marks)

*Answer all parts in this question*

1. a i) Distinguish between income elasticity of demand and price elasticity of demand. (02marks)  
ii) Give **two** factors that make demand for a commodity price inelastic in your country. (02marks)
- b i) What is meant by Gross domestic product at factor cost? (01mark)  
ii) Given that a country's Net National Product at Market Price is Shs. 8,900 billion, out lays is Shs. 659 billion negative taxes is Shs. 580 billion, Net income from abroad shs 4800 billion and Depreciation is shs. 150 billion.  
Calculate the country's Gross Domestic Product at factor cost. (03marks)
- c i) Define agricultural modernization. (01mark)  
ii) Mention **three** factors that limit agricultural modernisation in your country. (03marks)
- d i) State the big push theory of economic growth. (01mark)  
ii) Give **three** factors that hinder the application of the big theory of economic growth in your country. (03marks)
- e i) Differentiate between balance of trade and terms of trade. (02marks)  
ii) Mention **two** ways of improving terms of trade in your country. (02marks)

## SECTION B (80 Marks)

*Answer any four questions from this section.*

2. a) What are the causes of agricultural price fluctuation in your country? (10marks)  
b) How can the problem of agricultural price fluctuation be solved in your country? (01marks)
3. a) Explain the role of industrial sector in the economic development of your country (10marks)  
b) Account for the poor performance of the industrial sector in your country. (10marks)
4. a) Distinguish between import substitution and export promotion strategies of industrialization. (04marks)  
b) Examine the implication of adopting import substitution strategy of industrialization in your country. (16marks)
5. a) Explain the determinants of wages in your country. (10marks)  
b) Account for wage differentials in your country. (10marks)
6. a) Explain the tools of protectionism in your country. (08marks)  
b) Examine the consequences of protectionism in your country. (12marks)
7. a) Explain the canons of taxation. (08 marks)  
b) Assess the impact of indirect taxes on the economy of your country. (12marks)

**- END -**



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## WAKISSHA JOINT MOCK EXAMINATIONS

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### INSTRUCTIONS TO CANDIDATES:

- Answer **five** questions in all.
- Section **A** is compulsory. Answers to this section should be precise and concise.
- Answer only **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 in this question*

1. a) i) Distinguish between horizontal merging and vertical merging. (02 marks)  
ii) Give **two** reasons for merging of firms in your country. (02 marks)
- b) i) Define the term “multiplier” (01 mark)  
ii) Given that a country’s GDP is \$5,800 billion and investment expenditure increased from \$1,000 billion to \$1,400 billion. Calculate the final level of income of the country if mps is 20 %. (03 marks)
- c) State **four** features of the informal sector in your country (04marks)
- d) i) Distinguish between balanced growth strategy and unbalanced growth strategy. (02 marks)  
ii) Mention **two** factors that limit application of balanced growth strategy in your country. (02 marks)
- e) i) What is meant by trade liberalisation? (01 mark)  
ii) Give **three** merits of trade liberalisation in your country (03 marks)

## SECTION B (80 Marks)

*Answer any four questions from this section.*

2. a) Explain the role of the private sector in the development of your country. (10marks)  
b) Suggest measures that may be taken to improve the performance of the private sector in your country. (10 marks)
3. a) Describe the structures of the population in your country. (08marks)  
b) Assess the implications of the rapidly increasing population in your country. (12 marks)

4. a) Explain the objectives of monetary policy in your country (06 marks)
- b) How can the tools of monetary policy be used to control inflation in your country. (14 marks)
5. a) Account for the deteriorating terms of trade in your country (10 marks)
- b) Explain the measures that are being taken to improve terms of trade in your country. (10 marks)
6. a) Distinguish between public debt and National debt. (04 marks)
- b) Explain the measures that have been taken to reduce public debt in your country. (16marks)
7. a) What is the rationale for decentralised economic planning in your country. (06 marks)
- b) Account for the failure to effectively implement economic development plans in your country. (14 marks)

**- END-**



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### INSTRUCTIONS TO CANDIDATES:

- Answer **five** questions only.
- Section A is **compulsory**. Answers to this section should be precise and 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 in this question*

1. (a) (i) Distinguish between a **merit good** and a **public good**. (02 marks)  
(ii) Give **two** reasons why street lights are public goods in your country. (02 marks)
- (b) (i) What is meant by **marginal efficiency of capital**? (01 mark)  
(ii) Mention **three** ways of increasing the marginal efficiency of capital in your country. (03 marks)
- (c) (i) Distinguish between **economic dependence** and **economic interdependence**. (02 marks)  
(ii) Give **two** costs of economic dependence in your country. (02 marks)
- (d) (i) Define the term **credit multiplier**? (01 mark)  
(ii) Given a cash ratio of 20% and the total credit created of Shs. 4,250,000. Calculate the initial deposit. (03 marks)
- (e) (i) Differentiate between **recurrent expenditure** and **development expenditure**. (02 marks)  
(ii) State **two** causes for the recent increase in government expenditure in your country. (02 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section*

2. (a) Differentiate between **excess capacity** and **over production**. (04 marks)  
(b) Account for the existence of small scale firms in your country. (16 marks)
3. (a) Describe the features of the industrial sector in your country. (10 marks)  
(b) Explain the measures being taken to promote the expansion of the industrial sector in your country. (10 marks)
4. (a) Explain the Keynesian Theory of unemployment. (06 marks)  
(b) To what extent is the Keynesian theory of unemployment relevant to your country? (14 marks)
5. (a) What are the causes of inflation in your country? (10 marks)  
(b) Explain the measures that have been taken to control inflation in your country? (10 marks)
6. (a) Explain the tools of protectionism used in your country. (06 marks)  
(b) What is the rationale for regulating foreign trade in your country? (14 marks)
7. (a) Explain the benefits of privatization in your country. (10 marks)  
(b) Discuss the problems that have been faced during the privatization process in your country. (10 marks)

**END**

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### INSTRUCTIONS TO CANDIDATES:

- Answer **five** questions only.
- Section A is **compulsory**. Answers to this section should be precise and 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 in this question*

1. (a) (i) Distinguish between a **merit good** and a **public good**. (02 marks)  
(ii) Give **two** reasons why street lights are public goods in your country. (02 marks)
- (b) (i) What is meant by **marginal efficiency of capital**? (01 mark)  
(ii) Mention **three** ways of increasing the marginal efficiency of capital in your country. (03 marks)
- (c) (i) Distinguish between **economic dependence** and **economic interdependence**. (02 marks)  
(ii) Give **two** costs of economic dependence in your country. (02 marks)
- (d) (i) Define the term **credit multiplier**? (01 mark)  
(ii) Given a cash ratio of 20% and the total credit created of Shs. 4,250,000. Calculate the initial deposit. (03 marks)
- (e) (i) Differentiate between **recurrent expenditure** and **development expenditure**. (02 marks)  
(ii) State **two** causes for the recent increase in government expenditure in your country. (02 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section*

2. (a) Differentiate between **excess capacity** and **over production**. (04 marks)  
(b) Account for the existence of small scale firms in your country. (16 marks)
3. (a) Describe the features of the industrial sector in your country. (10 marks)  
(b) Explain the measures being taken to promote the expansion of the industrial sector in your country. (10 marks)
4. (a) Explain the Keynesian Theory of unemployment. (06 marks)  
(b) To what extent is the Keynesian theory of unemployment relevant to your country? (14 marks)
5. (a) What are the causes of inflation in your country? (10 marks)  
(b) Explain the measures that have been taken to control inflation in your country? (10 marks)
6. (a) Explain the tools of protectionism used in your country. (06 marks)  
(b) What is the rationale for regulating foreign trade in your country? (14 marks)
7. (a) Explain the benefits of privatization in your country. (10 marks)  
(b) Discuss the problems that have been faced during the privatization process in your country. (10 marks)

**END**

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## WAKISSHA JOINT MOCK EXAMINATIONS

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### INSTRUCTIONS TO CANDIDATES:

- *Answer five questions only.*
- *Section A is compulsory. Answers to this section should be precise and 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) Distinguish between labour productivity and labour efficiency. (02 marks)  
ii) Give two causes of low labour efficiency in Uganda. (02 marks)
- b) i) Define real Gross Domestic Product. (1 mark)  
ii) Given that a Country's Net Domestic products at factor cost is Shs. 689,000 million, depreciation allowance is Shs. 152,000 million, subsidies are Shs. 592,000 million, Net income from abroad is Shs. 373,000 million and Outlays are Shs. 421,000 million. Calculate the Country's GNP at market price. (03 marks)
- c) State any four features of the manufacturing sector in Uganda. (04 marks)
- d) i) Distinguish between labour saving technique of production and capital saving technique of production. (02 marks)  
ii) Mention two reasons why labour saving technique of production should be promoted in Uganda. (02 marks)
- e) i) State the law of comparative advantage. (01 mark)  
ii) Give three relevancies of the theory of comparative advantage in Uganda. (03 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section.*

2. a) Differentiate between price elasticity of demand and cross elasticity of demand. (04 marks)  
b) Explain the factors that may cause low price elasticity of demand for a commodity in Uganda. (16 marks)
3. a) Account for the recent increase in the level of national income in Uganda. (10 marks)  
b) Suggest the measures that should be taken to increase the level of national income in Uganda. (10 marks)
4. a) Explain the causes of unemployment in Uganda. (10 marks)  
b) Why is there need to control unemployment in Uganda? (10 marks)
5. a) Explain the methods used by trade unions to achieve their objectives in Uganda. (10 marks)  
b) Discuss the factors that limit the ability of trade unions to achieve their objectives in Uganda. (10 marks)
6. a) Distinguish between direct taxes and indirect taxes. (04 marks)  
b) Assess the impact of taxation in Uganda. (16 marks)
7. a) Explain the benefits of economic development planning in Uganda. (10 marks)  
b) What are the measures being taken to ensure effective implementation of economic development plans in Uganda? (10 marks)

END