

P220/2

Economics

Paper 2

September, 2022

3 Hours

CRETA JOINT POST MOCK EXAMINATION

Uganda Advanced Certificate of Education

Economics

Paper 2

3 Hours

INSTRUCTIONS TO CANDIDATES

*Answer **five** questions only.*

*Section **A** is compulsory. Answers to this section should be **concise**.*

*Answer **four** questions in section **B**.*

*All questions in section **B** carry equal marks.*

Credit will be given for the use of relevant diagrams where necessary.

Any additional question(s) answered will not be marked.

Draw a grid for marks on your answer booklet and indicate the questions answered.

	For Examiners' use only	
<i>Question Answered</i>	<i>Marks</i>	<i>Examiners' initials</i>
1		
TOTAL		

SECTION A (20 MARKS)

(Answer *all* parts of this question)

1. (a) (i) Distinguish between **producer's surplus** and **consumer's surplus**. (02 marks)

(ii) Given that the market price of a commodity is UGX 80,000; calculate producers' surplus in the table below.

Price(shs)	40,000	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000
Supply	1	2	3	4	5	6	7	8	9

(02 marks)

- (b) (i) Distinguish between **average product** and **marginal product**. (02 marks)
(ii) Outline **two** factors that may lead a fall in marginal product of labour in Uganda. (02 marks)

- (c) (i) Define the term **inflationary gap**. (01 mark)
(ii) Give **three** measures that can be taken to close an inflationary gap in Uganda. (03 marks)

- (d) (i) Distinguish between **agricultural modernisation** and **agricultural mechanisation**. (02 marks)
(ii) Outline **two** objectives of modernising agriculture in Uganda. (02 marks)

- (e) (i) Distinguish between a **partial plan** and a **comprehensive plan**. (02 marks)
(ii) Outline **two** determinants of economic development planning in Uganda. (02 marks)

SECTION B (80 MARKS)

(Answer *only four* questions from this section)

2. (a) Distinguish between **breakeven** and **shutdown points** of a firm. (04 marks)
(b) Why do some firms continue operating below the breakeven point in Uganda? (16 marks)
3. (a) Assess the factors that have influenced economic growth in Uganda. (10 marks)
(b) Explain the benefits of economic growth in Uganda. (10 marks)
4. (a) Explain the Keynesian theory of Unemployment. (06 marks)
(b) Assess the applicability of Keynesian theory of unemployment in Uganda. (14 marks)
5. (a) Distinguish between **credit creation** and **bank deposit multiplier**. (04 marks)
(b) Given that commercial banks' initial deposit is UGX 100,000,000 and cash ratio is 20%; calculate the total credit created in a multi-bank system. (02 marks)
(c) Discuss the factors that are responsible for low level of credit creation in Uganda. (14 marks)
6. (a) Explain the canons of taxation. (08 marks)
(b) Account for the low tax revenue in Uganda. (12 marks)
7. (a) Discuss the rationale for adopting protectionism in Uganda. (10 marks)
(b) Explain the dangers associated with protectionism in Uganda. (10 marks)

END