**P220/2**

**Economics**

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**Community**

UNNASE MOCK EXAMINATIONS

**Paper 2**

**August 2019**

**3 HOURS**

***Uganda Advanced Certificate of Education***

**ECONOMICS**

**PAPER 2**

**Time: 3Hours**

**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 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 of this question.*

1. a) i) Define the term **effective demand**. *(01 mark)*

ii) State any **three** causes of low effective demand in Uganda.

*(03 marks)*

b) i) What is meant by the term **factor prices**? *(01 mark)*

ii) Mention any **three** factor prices in Uganda. *(03 marks)*

c) i) Given that a country’s final level of National income is **£** **395 million**, **MPC** = 60% and the initial change in investment expenditure is **£ 30 million**, calculate the original level of National income. *(04 marks)*

d) i) Define the term **Privatisation**. *(01 mark*)

ii) Give any **three** reasons why the government of Uganda carried out privatisation. *(03 marks)*

e) i) Differentiate between **Partial plan** and **comprehensive plan**.

*(02 marks)*

ii) Mention any two demerits of partial planning in an economy

*(02 marks)*

**SECTION B (80 MARKS)**

*Answer any* ***four*** *questions from this Section.*

1. a) Account for the existing income inequality in Uganda.

*(10 marks)*

b) Explain the demerits of un even income distribution in Uganda. *(10 marks)*

**3**. a) Describe the structure of Uganda’s population. *(08 marks)*

b) Examine the implications of this population structure on Uganda’s economy. *(12 marks)*

**4**. a) Distinguish between **Mechanisation** and **Modernisation** of agriculture. *(04 marks)*

b) Discuss the factors that limit mechanization of agriculture in Uganda. *(16 marks)*

**5**. a) Why is there need to adopt the import substitution industrial strategy in Uganda? *(06 marks)*

b) Examine the factors influencing industrial development in Uganda. *(14 marks)*

**6.** a) Distinguish between **Corporation tax** and **Capital gains tax**.

*(04 marks)*

b) Explain measures that have been adopted to increase tax revenue in Uganda. *(16 marks)*

**7.** a) Explain the merits of Uganda’s participation in international trade *(10 marks)*

b) Assess the effects of adopting trade protectionist policies on the economy of Uganda. *(10 marks)*

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