**MARKING GUIDE (PRE-MOCK)**

**SECTION A**

**1(a)(i) Opportunity cost curve** is a locus of points that shows all possible combinations of two commodities that are maximally produced hen all resources are fully and efficiently employed

**(ii) Causes of a shift in the opportunity cost curve**

* Change in the size of labour force
* Change in the level of entrepreneurial skills
* Change in the level capital inflow and capital outflow
* Change in the state of technology
* Change in the skills of labour /efficiency
* Change in the availability of natural resources

(b)(i**) Occupational mobility of factor of production** is the ease with which a factor of production cans shift/move/transfer from one job to another

**(ii) Factors that have affected occupational mobility of FOP**

* Degree of specialisation
* Level of remuneration **/**wage in the current job
* Level of information about the existence of other jobs
* The cost of training for another job
* The political climate of the country
* Health conditions of the worker
* Level of infrastructural development
* Cultural factors
* The working conditions in the alternative employment
* The period of training in the alternative jobs

**(c)(i) Developmental goal** is a social, political or economic target /objective to be achieved in a specified period of time

**(ii) Constraints to choice of development goals**

* Low level of exploitation of natural resources
* Political instabilities in some areas
* Poor techniques of production/poor state of technology
* Low level of infrastructural development
* Poor political system/unfavourable ideology of the ruling class
* Low level of labour skills
* Unfavourable BOP position
* High population growth rate
* Large size of subsistence sector
* High rate of corruption
* Poor land tenure system

**(d)(i) GDP at factor cost** is the total monetary value of final goods and services produced by all productive activities within the country in a given year including the value of depreciation when valuation considers payments to factors of production

**While**

**NNP at market price** is the total monetary value of final goods and services produced by nationals of a country in a given year excluding the value of depreciation when valuation considers market prices for final goods.

(ii) **NNP at factor cost** = GDP at market price **+** subsides + income from abroad – capital consumption – outlays

500M + 125M+125M -15M-50M

**=685M**

**(e) Features of Uganda’s economy include**

* It is predominantly agricultural sector
* It has a small but growing industrial sector
* It is dualistic in nature
* It is an open economy
* It is a dependent economy
* It has a growing informal sector
* It has a mixed economic system
* It has poorly developed economic infrastructures
* Labour force is predominantly unskilled and semi-skilled
* It is characterised by under utilisation of available natural resource
* It has a high population growth rate

**SECTION B**

2(a) **an increase in supply** is a situation where more of a commodity is supplied on to the market at constant price due to changes in the factors that affect supply

While

**An increase in quantity supplied** is a situation where there is an increase in amount of a commodity put on the market due to increase in price other factors held constant

**(b) Factors that lead to an unstability/change in supply of a commodity in Uganda include**

* Change in the cost of production
* Change in the state of technology
* Change in the level of entrepreneurial skills
* Change in the working conditions
* Change in the aim/objective of the firm
* Change in the number of producers
* Change in the price of a jointly supplied good
* Change in the price of competitively supplied goods
* Change in the political climate
* Change in the demand for a commodity /market
* Change in the level of taxation and subsidisation by government on investment
* Change in the supply of factor inputs such as capital, raw materials
* Change in the land tenure system

3(a) **saving** is the proportion of income that is not spent on current consumption but for future use

While

**Investment** is the process of devoting part of person’s income or nation’s income to creation of capital goods

**Measures that have been taken to increase the level of investment in Uganda**

* Increased incomes of people
* Controlled population growth rate
* Privatised or advertised investment opportunities
* Reformed land tenure system
* Expanded /widened market
* Provided investment incentives
* Encouraged savings
* The economy has been monetised
* The economy has been diversified
* Controlled inflation
* Fought corruption
* Improved political climate
* Developed infrastructures
* Reduced interest on loans
* Undertaken campaigns to attract foreign investors
* Improved entrepreneurial skills
* Improved investment climate in Uganda
* Improved technology

**4(a) merits of compiling national income figure in Uganda**

* Facilitates economic planning and research
* Enables the government of Uganda to compare its performance with other economies
* Helps in the calculation of percapita income
* Enables the government of Uganda to compare its performance overtime
* Helps in showing the rate of economic growth
* Helps the government to identify the lagging and leading sector
* It shows the pattern of expenditure in the country
* Helps to determine income distribution
* Helps to attract the attention of donors for foreign aid

**(b) Problems encountered while compiling national income include**

* Inadequate statistical data
* Shortage of skilled personnel and equipment
* Problems of errors such as commission and omission
* Problem of valuing unpaid services
* Problem of price changes/inflation
* Difficulty in valuing government expenditure
* Difficulty in valuing work in progress and inventories
* Difficulty valuing subsistence output
* Difficulty in determining the boundary of production
* Problem of double counting e.g. transfer payment
* Problem of timing in production
* Problem of illegal activities e.g. smuggling, drug trafficking, prostitution
* Difficulty in valuing net factor income from abroad

**5. The rationale/reasons for the existence of private sector in Uganda**

* To create employment opportunities
* To promote industrialisation
* To improve labour skills
* To improve on BOP position
* To promote or ensure proper utilisation of natural resources
* To monetise the economy
* To promote infrastructural development
* To provide variety of goods and services
* To improve the skills of the workers
* To accelerate the rate economic growth
* To improve entrepreneurial skills
* To promote technological development
* To increase the government revenue
* To supplement government effort in provision of goods
* To control inflation

**(b) Policies the country is undertaking to improve the performance of the private in Uganda**

* Controlling population growth rate
* Privatising or advertising investment opportunities in the private sector
* Reforming/changing land tenure system
* Expanding /widening market
* Providing investment incentives to the private firms
* Encouraging savings
* The economy is being monetised
* The economy is being diversified
* Controlling inflation
* Fighting corruption
* Improving political climate
* Developing infrastructures
* Reducing interest on loans
* Strengthening /establishing specialised institutions for private sector
* Modernising agriculture /creating linkages with other sectors
* Undertaking campaigns to attract foreign investors
* Improving entrepreneurial skills
* Improving investment climate in Uganda
* Improving technology

6(a**) agricultural modernisation** is the improvement or transformation of the agriculture sector from traditional /subsistence production to commercial high yielding agriculture

While

**Agricultural transformation** is the complete or total change in the existing agricultural structure inform of changing activities and techniques of production to increase agricultural modernization

**(b)Methods that can be taken to modernize agriculture in Uganda**

* Rehabilitation and extension of infrastructure
* Land reforms
* Research or use of scientific methods e.g. kawanda research station finding
* Provide farm inputs to farmers such as fertilizers
* There should be mechanization of agriculture
* Irrigation farming can be carried out
* Man power can be trained
* Agriculture can be diversified
* There should be development of infrastructure
* Provide credit facilities to the farmers
* There should be industrialisation with agricultural sector
* Ensure political stability
* There should be agricultural mechanization

7(a) **public corporations** are business organisations in which government holds either all the shares or majority of the capital and they are created by the Act of parliament which clearly defines its aims and objective. Examples include National water and Sewage Corporation, National housing and Construction Company

(b) **Reasons that were advanced by the government to establish publish enterprises include**

* To provide goods and serviceswhich have low commercial profitability but high social economic benefit e.g. water, roads
* To undertake strategic investment of national importance
* To mobilise savings from the public
* To create employment opportunities
* To control duplication and wastage of resources
* To provide essentials of life at fair prices
* To develop infrastructural facilities
* To raise revenue for the government
* To produce goods of strategic importance
* To ensure price and income stability
* To raise capital for large scale ventures
* To facilitate development of skills of individuals working in such enterprises
* To control private monopoly
* To promote fair income distribution
* To control duplication and wastage of resources
* To protect nationals from exploitation
* To complete the private sector hence avoid monopoly
* To improve on the balance of payment position
* To protect consumers/nationals from exploitation by private producers
* To ensure supply of goods that require heavy capital investment
* To promote investment