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P220/2

Economics

Paper 2

2024

3hours



## **SISEB MOCK EXAMINATIONS 2024**

Uganda Advanced Certificate of Education

*Economics*

**P220/2**

**3hours**

### **Instructions to Candidates**

- *Attempt **five** questions in all.*
- *Section **A** is **compulsory**. Answers to this section should be concise.*
- *Choose the other **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: (20marks)

Answer **ALL** parts in this question

1. (a) (i) Define the term composite demand. (01mk)  
ii) Give any three examples of composite demand in your country. (03mks)
- (b) (i) Distinguish between **economic profits** and **normal profits**. (02mks)  
ii) Mention any two factors that influence the level of profits in your country. (02mks)
- (c) (i) What are the characteristics of Rostow's take off stage. (02mks)  
ii) Give any **two** limitations of this theory. (02mks)
- d) (i) What is **a tariff**? (01mk)  
ii) Give any three non-tariff barriers in your country. (03mks)
- e) (i) What is meant by the term **credit multipliers**. (01mk)  
ii) Given that the initial deposit in a bank is Uganda shillings 10,000,000 and the cash ratio is 20%. Calculate the total amount of credit that will be created in a multi-bank system. (03mks)

## SECTION B (80marks)

Answer any four questions from this section

2. (a) Differentiate between **change in supply** and **change in quantity supplied**. (04mks)  
b) Examine the factors that lead to a change in supply of a commodity. (16mks)
3. (a) Account for income inequalities in Uganda. (10mks)  
b) Examine the merits and demerits of income inequalities. (10mks)
4. (a) Differentiate between the iron law of wages and the marginal productivity theory of wages. (04mks)  
b) Account for wage disparities in your country. (16mks)

5. (a) Differentiate between **free trade** and **protectionism**. (04mks)
- b) Under what circumstances may protectionism be adopted in your country. (16mks)
6. (a) Explain the role of the National Budget in your country. (10mks)
- b) Account for the persistent budgetary deficits in your country. (10mks)
7. (a) Differentiate between **imported inflation** and **structural inflation** (04mks)
- b) Why may inflation occur in your country? (16mks)

**END**