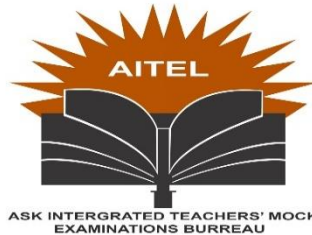


**P220/2**  
**ECONOMICS**  
Paper 2  
**July/Aug. 2022**  
**3 hours**



# **AITEL JOINT MOCK EXAMINATIONS**

**Uganda Advanced Certificate of Education**

**ECONOMICS**

**Paper 2**

**3 Hours**

## **INSTRUCTIONS TO CANDIDATES:**

*Attempt **five** questions.*

*Section **A** is **compulsory** and answers to this should be **precise and concise**.*

*Choose any **four** questions from section **B**.*

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

*Use of relevant diagrams and neatness will earn you credit.*

### **SECTION A (20 MARKS)**

1. (a) (i) What is meant by elastic demand? (1 mark)  
(ii) Give any three causes of elastic demand for a commodity in Uganda. (3 marks)
- (b) (i) Distinguish between normal profits and windfall profits. (2 marks)  
(ii) State any two factors limiting the profit levels of firms in Uganda. (2 marks)
- (c) (i) Distinguish between saving and investment. (2 marks)  
(ii) Give any two reasons why Ugandans are saving part of their income. (2 marks)
- (d) (i) What is meant by a trade union? (1 mark)  
(ii) State any three adverse effects of trade unions in Uganda. (3 marks)
- (e) (i) Distinguish between a funded debt and unfunded debt. (2 marks)  
(ii) Mention any two measures being taken to reduce the debt burden in Uganda. (2 marks)

### **SECTION B (80 MARKS)**

2. (a) Why is it necessary to stabilize prices of consumer goods in Uganda? (10 marks)
- (b) Suggest measures that should be taken to stabilize prices of consumer goods in Uganda. (10 marks)
3. (a) Describe the features of oligopolistic markets in Uganda. (10 marks)
- (b) Explain the benefits of oligopolistic competition to consumers in Uganda (10 marks)

4. (a) Why is it necessary to establish import substitution industries in Uganda? (10 marks)
- (b) Explain measures being taken to ensure success of the import substitution strategy in Uganda. (10 marks)
5. (a) Explain the factors that have undermined the effectiveness of the central bank in influencing economic activities in Uganda. (10 marks)
- (b) Discuss the tools used by the central bank to influence economic activities in Uganda. (10 marks)
6. (a) Distinguish between tariff barriers and non- tariff barriers in trade. (4 marks)
- (b) Examine the implications of adopting non- tariff barriers in Uganda. (16 marks)
7. (a) What is the rationale for imposing direct taxes in Uganda? (6 marks)
- (b) Explain the problems associated with direct taxes in Uganda. (14 marks)

**END**