

ECONOMICS DISCUSSION QUESTIONS

24th August 2024 at 9:00am

SECTION A

1. (a) (i) Distinguish between cross elasticity of demand and price elasticity of demand. (2 marks)

(ii) Given that an increase in the price of commodity A from shs.25,000/= to shs.40,000/= resulted in a change in quantity demanded of commodity B from 750 to 800 units, Calculate cross elasticity of demand. (2 marks)

(b) (i) Differentiate between Marginal propensity to consume and marginal propensity to save.(2 marks)

(ii) Mention any two reasons for saving in Uganda. (2 marks)

(c) (i) Differentiate between appropriate technology and intermediate technology. (1 mark)

(ii) Give any two arguments for adopting intermediate technology in Uganda. (3 marks)

(d) (i) State the law of comparative cost advantage(1 mark)

(ii) Mention any three factors that limit the application of the comparative cost advantage theory in Uganda. (3 marks)

(e) (i) What is meant by economic development planning? (1 marks)

(ii) State any three factors that affect the implementation of development plans in Uganda.
(3 marks)

SECTION A(20 marks)

1 a i) Differentiate between "resale price maintenance" and "reserve price".(02 marks)

ii) Give any two merits of resale price maintenance. (02 marks)

b i) Define the term product differentiation. (01 mark)

ii) Mention any three forms of product differentiation in an economy. (03 marks)

c i) What is the meaning of 'marginal propensity to import'? (01 mark)

(ii) Calculate the final equilibrium national income given that initial equilibrium National income is €200 billion, increase in investment expenditure is €10 billion and the marginal propensity to consume is 80%. (03 marks)

D i) Define the term foreign aid. (01 mark)

ii) Give three motives of giving aid to developing economies. (03 marks)

ei) What is meant by 'comprehensive planning'? (01 mark)

ii) State three challenges faced in the implementation of comprehensive plans in developing countries. (03 marks)

SECTION B (80 MARKS)

2a) Why may the supply of a commodity not increase despite increase in its price? (10 marks)

b) Discuss the measures that can be taken to increase supply of a commodity in an economy. (10 marks)

3a) Distinguish between the output approach and income approach as used in economics. (04 marks)

b) Explain the factors that influence the Gross Domestic Product in developing countries. (16 marks)

4a) Explain the demerits of inflation in developing countries. (10 marks)

b) Suggest measures that should be taken to reduce the rate of inflation in developing countries. (10 marks)

5a) Explain the causes of a high rate of economic growth in an economy. (10 marks)

b) What are the implications of a high rate of economic growth in an economy? (10 marks)

6a) Assess the impact of labor-intensive techniques of production in developing countries. (14 marks)

b) Discuss the factors that limit the level of technological development in developing countries. (06 marks)

7a) Explain the solutions to the Keynesian unemployment. (06 marks)

b) Discuss the relevance of the Keynesian theory of unemployment in developing countries. (06 marks)

c) What are the limitations to applying the theory to developing countries? (08 marks)

SECTION B: (80 Marks)

2. (a) Explain the methods used by the Central bank to regulate money supply in Uganda? (12 marks)
- (b) Discuss the factors that limit the success of the monetary policy in Uganda. (8 marks)
3. (a) State any four traits of Rostow's drive to maturity stage. (4 marks)
- (b) Examine the consequences of economic growth in Uganda. (16 marks)
4. (a) Why is there need to modernize the agricultural sector in Uganda? (10 marks)
- (b) What steps are being taken to improve the agricultural sector in Uganda? (10 marks)
5. (a) Why is it important to reduce the rate of unemployment in Uganda? (10 marks)
- (b) Suggest measures that can be taken to reduce the rate of unemployment in Uganda. (10 marks)
6. (a) Account for the persistent debt burden in Uganda. (8 marks)
- (b) Assess the implications of government borrowing on the economy of Uganda. (12 marks)
7. (a) Discuss the factors that limit the growth of the private sector in Uganda. (10 marks)
- (b) Explain the contribution of the private sector to the economic development of Uganda. (10 marks)

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