

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2018**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer **all** parts of this question.

1. (a) (i) What is a **Production Possibility Frontier**? (01mark)  
(ii) Give any **three** causes of an outward shift of the production possibility frontier. (03mks)
- (b) (i) Distinguish between **Vertical** and **Horizontal** merging of firms. (02marks)  
         (ii) Mention any **two** merits of merging of firms. (02marks)
- (c) (i) State the **balanced growth theory**. (01mark)  
         (ii) Mention any **three** conditions necessary for the success of the balanced growth theory in an economy. (03marks)
- (d) (i) What is meant by **monetary policy**? (01marks)  
         (ii) State any **three** tools of monetary policy. (03marks)
- (e) (i) Differentiate between a **proportional tax** and a **progressive tax**. (02marks)

(ii) Give **two** advantages of a progressive tax. (02marks)

**SECTION B (80MARKS)** Answer any **four** questions from this section.

2. (a) Distinguish between **price elasticity of demand** and **income elasticity of demand**. (04marks)  
(b) Explain the determinants of price elasticity of demand in an economy. (16marks)
3. (a) Describe the methods used to compute national income in an economy. (06marks)  
(b) What measures may be adopted to increase the level of national income in an economy? (14marks)
4. (a) Distinguish between **labor-intensive** and **capital-intensive techniques** of production. (04marks)  
(b) Why should capital intensive techniques of production be adopted by developing countries? (16marks)
5. (a) Explain the Keynesian theory of unemployment. (08marks)  
(b) What are the limitations of the Keynesian theory of unemployment in developing countries? (12 marks)
6. (a) Account for the unfavorable terms of trade in developing countries. (10 marks)  
(b) Suggest measures that should be taken to improve the terms of trade in developing countries. (10marks)
7. (a) Describe the principles of economic development planning. (10marks)  
(b) What challenges do developing countries face when implementing development plans? (10marks)

**END**

P220/2

**ECONOMICS Paper 2**

**Nov. /Dec. 2018**

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**ECONOMICS Paper 2**

## 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 questions(s) attempted will **not** be marked.

### SECTION A (20 MARKS)

Answer all parts of this question.

1. (a) (i) Distinguish between **consumption expenditure** and **investment expenditure**. (02marks)  
(ii) Mention any **two** factors that influence consumption expenditure in Uganda. (02marks)
- (b) State any **four** roles of public enterprises in Uganda. (04marks)
- (c) (i) Define the term **Demand for labour**. (01mark)  
(ii) State any **three** factors that determine the demand for labour in Uganda. (01mks)
- (d) (i) What is meant by **fiduciary issue** in banking? (01mark)  
(ii) Give any **three** functions of money in Uganda. (03marks)
- (e) (i) Distinguish between a **specific tax** and an **advalorem tax**. (02marks)  
(ii) state any **two** demerits of levying a specific tax in Uganda. (02marks)

### SECTION B (80MARKS)

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

2. (a) How does a firm in a monopolistic competitive market determine output, price and profits in the;
  - (i) Short-run and (06marks)
  - (ii) Long-run? (06marks)
- (a) Differentiate between **economic growth** and **economic development**. (04marks)
- (b) Suggest measures that should be adopted to increase the rate of economic growth in Uganda. (16marks)
- (a) Examine the role of Multi-National Corporations in economic development of Uganda. (10marks)

- (b) What problems are faced by Multi-National Corporations in Uganda. (10marks)
5. (a) Differentiate between **import substitution** and **export promotion** strategy of industrial development. (04marks)
- (b) Assess the **impact** of import substitution strategy of industrialisation on the development of Uganda's economy. (16marks)
6. (a) Distinguish between **demand-pull inflation** and **imported inflation**. (04marks)
- (b) Explain the **effects** of inflation in Uganda. (16marks)
7. (a) Account for the persistent budgetary debt burden in Uganda. (08marks)
- (b) Describe the **methods** being used to reduce the public debt in Uganda. (12marks)

**END**

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**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) What are **public goods**? (1mark)
- (ii) Outline any **three** challenges faced by your country when providing public goods. (3marks)
- (b) (i) State the **law of diminishing returns**. (1mark)

- (ii) Give any **three** assumptions of the law of diminishing returns. (3marks)
- (c) (i) State the **Big-push theory** of economic growth. (1mark)
- (ii) Mention any **three** benefits of adopting the big-push theory of economic growth in developing countries. (3marks)
- (d) (i) Define the term **credit multiplier**. (1mark)
- (ii) Given an initial deposit of SHS 750, 000 and a cash ratio of 20%, calculate the total credit created. (03marks)
- (e) (i) What is meant by **trade diversion**? (1mark)
- (ii) Give any **three** effects of trade diversion in an economy. (3marks)

**SECTION B (80MARKS) Answer any four questions from this section**

2. (a) Why may a government impose price controls in an economy? (10marks)
- (b) Examine the implications of price controls in an economy? (10marks)
3. (a) given that in a two-sector economy;
- Marginal propensity to consume= 0.75,
- Investment =US\$5billion
- Income = US\$250 billion
- (i) Calculate the value of the multiplier (02marks)
- (ii) If investment increases by US\$ 1 billion, determine the new equilibrium level of national income. (02marks)
- (b) Assess the factors that determine the level of national income in an economy. (16marks)
4. (a) Why is there need for industrialization in less developed countries? (10marks)
- (b) Explain the problems faced by the industrial sector in less developed countries. (10marks)
5. (a) Distinguish between **over-population** and **optimum population** (04marks)
- (b) Assess the implications of over-population in an economy (16marks)
6. (a) Explain the causes of open-urban unemployment in an economy. (10marks)

- (b) Suggest the measures that can be adopted to reduce open-urban unemployment in an economy. (10marks)
7. (a) What is the role of the National Budget in an economy (10marks)
- (b) Suggest the measures that should be taken to control budgetary deficits in developing countries. (10marks)

**END**

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**ECONOMICS Paper 2**

**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer all parts of this question.

1. (a) (i) Differentiate between **effective demand** and **derived demand**. (02marks)  
(iii) Give any **two** factors that limit effective demand for goods and services in Uganda. (02marks)
- (b) (i) Distinguish between **commercial rent** and **economic rent** (02 marks)  
(ii) Give any **two** determinants of economic rent in Uganda. (02 marks)
- (c) State any **four** effects of young population on Uganda's economy. (04 marks)

- (d) (i) Define the term **tax evasion**. (01mark)
- (ii) Mention any **three** causes of **tax evasion** in Uganda.(03 marks)
- (e) (i) What is meant by the **balance of payment?** (01 mark)
- (ii) Give any **three** ways of correcting the balance of payment deficit in Uganda. (03 marks)

**SECTION B (80MARKS) Answer any four questions from this section**

2. (a) Describe the different forms economic dependence in Uganda. (08 marks)  
(b) What are the demerits of economic dependence in Uganda? (12 marks)
3. (a) Analyze the factors that influence the rate of economic growth in Uganda.  
(10marks)
- (b) Explain the benefits of economic growth in Uganda. (10 marks)
4. (a) Why is there need to modernize agricultural sector in Uganda? (10 marks)  
(b) Discuss the factors that limit agricultural modernization in Uganda. (10 marks)
5. (a) State the **Iron Law of Wages**. (04 marks)  
(b) To what extent is the Iron Law Wages applicable in the determination of wages in Uganda? (16marks)
6. (a) Describe the procedure of compiling the cost of living index. (08marks)  
(b) Explain the challenges faced when compiling price indices in Uganda. (12marks)
7. (a) Differentiate between **hyper-inflation** and **mild inflation** (04 marks)  
(b) Describe the measures being taken to control inflation in Uganda. (16 marks)

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**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer **all** parts of this question.

1. (a) (i) Differentiate between **perfect oligopoly** and **imperfect oligopoly**. (2marks)
- (ii) Give any **two** advantages of oligopolistic markets to the consumer. (2marks)
- (b) (i) State the **Big-push theory** of economic development. (01 mark)
- (ii) Give any **three** factors that may limit the adoption of the Big-push strategy in developing countries. (03 marks)
- (c) (i) Distinguish between **elasticity of demand** and **price elasticity of demand**. (02 marks)
- (ii) State any **two** factors that determine elasticity of demand. (02 marks)
- (d) State four factors that determine elasticity of demand. (04 marks)
- (e) (i) Distinguish between **nationalization** and **privatization of enterprises**. (02 mks)

(ii) Give any **two** merits of privatization in an economy. (02 marks)

**SECTION B (80 MARKS) Answer any four questions from this section.**

2. (a) Describe the **three** approaches to the computation of national income. (06 marks)  
(b) What are the statistical challenges faced during the computation of national income. (14 marks)
3. (a) Define the term **Foreign Aid**. (02marks)  
(b) Assess the impact of Foreign Aid on developing economies. (18 marks)
4. (a) Distinguish between **efficiency of labour** and **mobility of labour**. (04 marks)  
(b) Explain the factors that determine the efficiency of labour in an economy. (16 mks)
5. (a) What are the causes of youth unemployment in developing countries? (10 marks)  
(b) Assess the impact of unemployment in an economy. (10 marks)
6. (a) What is meant by the term managed floating exchange rate? (04 marks)  
(b) Examine the merits and demerits of a managed exchange rate in an economy (16 marks)
7. (a) Differentiate **hyperinflation** and **creeping inflation**. (04 marks)  
(b) Explain the effects of inflation in an economy. (16 marks)

**END**

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**ECONOMICS Paper 2**

**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) (i) Differentiate between **vertical** and **horizontal integration** of firms. (2mks)
- (ii) Give any **two** factors limiting the integration of firms in Uganda. (02 marks)
- (b) (i) Distinguish between **economic growth** and **economic development**. (02 marks)
- (ii) State any **two** indicators of economic development in Uganda. (02 marks)
- (c) (i) What is meant by the term **labour productivity**? (01 marks)
- (ii) Mention any **three** causes of low labour productivity in Uganda. (03 marks)
- (d) Outline any **four** factors that limit the operation of the principle of comparative advantage in Uganda. (04 marks)
- (e) (i) What is meant by the term **fiscal policy**? (01 mark)
- (ii) State any **three** instruments of fiscal policy used in Uganda. (03 marks)

**SECTION B: (80 MARKS) Answer any four questions from this section.**

2.       (a) Account for the low level of investment in Uganda. (10 marks)
- (b) Explain the measures that have been taken to promote the level of investment in Uganda. (10 marks)
3.       (a) Why may a country adopt import substitution strategy of industrialization? (10

marks)

- (b) Explain the limitations of the import substitution strategy of industrialization in Uganda. (10 marks)
4. (a) Describe the structure of Uganda's population. (10marks)
- (b) Examine the implications of this population structure on Uganda's economy. (10 marks)
5. (a) Explain the role of infrastructure in the economic development process of Uganda. (10 marks)
- (b) What strategies have been taken by the government of Uganda to improve on the infrastructure? (10 marks)
6. (a) Differentiate between a **perspective plan** and a **comprehensive plan**. (04 marks)
- (b) Suggest measures that should be adopted to improve economic development planning in Uganda. (16 marks)
7. (a) Distinguish between a **dead weight debt** and a **funded debt**. (04 marks)
- (b) Assess the effects of government borrowing in the development of Uganda. (16 marks)

**END**

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**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 questions(s) attempted will not be marked.*

**SECTION A (20 MARKS)** Answer all parts of this question.

1. (a)(i) Differentiate between **inferior goods** and **complementary goods**. (02 marks)  
(ii) Give any **two** examples of complementary goods. (02 marks)
- (b) (i) What is meant by the term **Real Gross Domestic Product**? (01 mark)  
(ii) Given that nominal Gross Domestic Product is Shs.150, 000,000,000 and the consumer price index is 105, calculate the **Real Gross Domestic Product**. (03 marks)
- (c) State any **four** features of Rostow's transitional stage of economic growth. (04 marks)
- (d) (i) Define the term **cyclical unemployment**. (02 mark)  
(ii) Suggest any **three** measures that should be adopted to minimize cyclic unemployment in an economy. (03 marks)
- (e) (i) Differentiate between **partial planning** and **perspective planning**. (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.

2. (a) How is national income measured in an economy? (06 marks)  
(b) Explain the problems faced when compiling national income in an economy. (14 marks)
3. (a) Distinguish between **economic growth** and **economic development**. (04 marks)  
(b) Explain the benefits of economic growth in an economy. (16 marks)
4. (a) Account for the price fluctuations of agricultural products in an economy. (10 marks)

- (b) Suggest measures that should be taken to stabilize prices of agricultural products in an economy. (10 marks)
5. (a) Describe the process of credit creation by commercial banks. (10 marks)  
(b) What factors limit the ability of Commercial banks to create credit in an economy? (10 marks)
6. (a) Explain the causes of inflation in an economy. (06 marks)  
(b) Suggest measures that should be taken to control inflation in an economy. (14 marks)
7. (a) Describe the features of a good tax system. (08 marks)  
(b) Explain the role of taxation in the development of a country. (12 marks)

**END**

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**ECONOMICS Paper 2**

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3 hours

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**ECONOMICS Paper 2**

**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer all parts of this question.

1. (a) (i) Define the term **income elasticity of demand**. (01 mark)
- (ii) Given that an increase in the income of a consumer from Shs.25, 000 to Shs.40, 000 resulted in a change in demand for a commodity from 780 units to 600 units, calculate the **income elasticity of demand**. (03 marks)
- (b) State **four** characteristics of the formal sector in your country. (04 marks)
- (c) (i) What is meant by the term **economic dependence**? (01 mark)
- (ii) Mention any **three** forms of economic dependence in your country. (3mks)
- (d) (i) Define the term **capital intensive technology**. (01 mark)
- (ii) Give any **three** factors that limit the adoption of capital-intensive technology in your country. (03 marks)
- (e) (i) What is a **national budget**? (01 mark)
- (ii) Mention any **three** objectives of a budget in your country. (03 marks)

**SECTION B: (80 MARKS)** answer any **four** questions from this section.

2. (a) How are salaries and wages determined in your country? (06 marks)
- (b) Account for the differences in salary and wage rates in your country. (14 marks)
3. (a) What is meant by the term **trade liberalization**? (04 marks)
- (b) Examine the implications of trade liberalization on an economy. (16 marks)
4. (a) Describe the population structure of your country. (08 marks)
- (b) Examine the economic implications of such a population structure. (12 marks)
5. (a) What are the objectives of the monetary policy in your country. (06 marks)
- (b) Explain the methods used by the central bank to regulate money supply in your country. (14 marks)

6. (a) What are the benefits of economic development planning? (08 marks)
- (b) Explain the factors that influence the implementation of economic development plans in your country. (12 marks)
7. (a) Why have public enterprises been privatized in your country? (10 marks)
- (b) Explain the contribution of the private sector to the economic development of your country. (10 marks)

**END**

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**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer all parts of this question.

1. (a) (i) State the **law of supply**. (01 mark)
- (ii) Mention any **three** factors that cause a decrease in supply of goods in an economy. (03 marks)
- (b) (i) What is **dual economy**? (01 mark)
- (ii) State any **three** advantages of a dual economy. (03 marks)
- (c) (i) What meant by the term **import substitution strategy** of industrial development? (01 mark)

- (ii) State any **three** disadvantages of adopting this strategy in developing countries. (03 marks)
- (d) (i) Distinguish between **structural inflation** and **cost push inflation**. (02 marks)
- (ii) Give any **two** causes of cost –push inflation. (02 marks)
- (e) (i) Distinguish between a **deficit budget** and a **surplus budget**. (02 marks)
- (ii) State any **two** reasons why a country may prepare a deficit budget. (02 marks)

**SECTION B: (80 MARKS)** answer any **four** questions from this section.

2. (a) Explain the importance of computing national income in an economy. (10 marks)
- (b) Account for the low level of national income in developing countries. (10 marks)
3. (a) Distinguish between **shut-down point** and **break –even point** of a firm. (04mks)
- (b) Why may a firm continue operating even if its revenue does not cover the fixed costs? (16marks)
4. (a) Why is there a need to stabilize prices of agricultural products in an economy. (08 marks)
- (b) Describe the measures that should be adopted to stabilize prices of agricultural products in developing countries. (12 marks)
5. **Study the table below and answer the questions that follow:**
- (a) Calculate the: (i) Simple Price index. (02 marks)
- (ii) Average price index. (02 marks)
- (iii) Weighted price index. (02 marks)
- (b) Explain the uses of price indices in an economy. (14 marks)
6. (a) Describe the features of a good development plan. (6marks)
- (b) Explain the factors that limit successful implementation of economic development plans in developing countries. (14mks)
7. (a) What is a **Parastatal organization**? (2marks)
- (b) Describe the role of Parastatal organizations in an economy. (18 marks)

*END*

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**INSTRUCTIONS TO CANDIDATES:**

*Answer **five** questions only*

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*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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS)** Answer all parts of this question.

1. (a) (i) Differentiate between **transfer earnings** and **transfer payments**. (02 marks)  
(ii) Give any **two** examples of transfer payments in your country. (02 marks)
- (b) (i) What is meant by the **balance growth strategy** of economic development? (01 mark)  
(ii) State any **three** factors that limit the application of the balanced growth strategy in developing countries. (03 marks)
- (c) State any **four** features of the agricultural sector in your country. (04 marks)
- (d) (i) Distinguish between a **customs union** and a **common market**. (02 marks)

- (ii) State any **two** benefits of economic integration to your country. (02 marks)
- (e) (i) Differentiate between **liquidity ratio** and **liquidity preference**. (02 marks)
- (ii) Mention any **two** reasons for the high liquidity preference in developing countries. (02 marks)

**SECTION B (80 MARKS)** Answer any four questions from this section.

2. (a) Differentiate between **location** and **localization** in your country. (4 marks)
- (b) Assess the impact of localization of industries in your country. (16 marks)
3. (a) Explain the role of capital in the development of your country. (08 marks)
- (b) Discuss the factors that influence capital accumulation in your country. (12mks)
4. (a) What is meant by a **Trade Union**? (04 marks)
- (b) Explain the challenges faced by Trade Unions in your country. (16 marks)
5. (a) Account for the persistent balance of payments deficits in your country. (10mks)
- (b) Suggest measures that should be taken by the government to reduce balance of payment deficits in your country. (10 marks)
6. (a) Explain the causes of unemployment in your country. (10 marks)
- (b) Suggest measures that should be taken by the government to reduce unemployment in your country. (10 marks)
7. (a) Explain the importance of taxes in your country. (08 marks)
- (b) Discuss the demerits of imposing taxes in your country. (12 marks)

**END**

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*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 questions(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) Give any **three** factors that limit effective demand in an economy. (03 marks)
- (b) (i) Distinguish between **producers' surplus** and **consumers' surplus**. (02 marks)  
(ii) Given that the market price of a commodity is Uganda Shs. 65,000, calculate the producer's surplus in the table below:

<b>Price (shs)</b>	30000	35000	40000	45000	50000	55000	60000	65000
<b>supply</b>	1	2	3	4	5	6	7	8

(2marks)

- (c) (i) Differentiate between **casual** and **residual unemployment**. (02 marks)  
(ii) State any **two** effects of unemployment in an economy. (02 marks)
- (d) (i) What is meant by the term “**Marginal Propensity to Import**”? (01 mark)  
(ii) Give any **three** effects of a high marginal propensity to import in an economy. (03 marks)
- (e) (i) Distinguish between **a reproductive debt** and a **dead weight debt**. (02 marks)  
(ii) State any **two** ways in which a public debt can be redeemed. (02 marks)

**SECTION B (80 MARKS) Answer any four questions from this section.**

2. (a) How does a firm in a monopolistic competitive market determine output, price

- and profits in the long run? (06 marks)
- (b) Explain the merits and demerits of monopolistic competition. (14 marks)
3. (a) Why may a country adopt an export promotion strategy of industrial development? (10 marks)
- (b) Explain the limitations of the export promotion strategy of industrial development. (10 marks)
4. (a) Distinguish between **labour supply** and **labour force**. (04 marks)
- (b) Explain the factors that determine labour supply in an economy. (16 marks)
5. (a) Given that the **volume of money** in an economy is £20 billion **total level of transaction** is £250 million and the **velocity of money** is 20; Calculate the **general price level** in the economy. (04 marks)
- (b) Explain the limitations of Irving Fisher's quantity theory of money. (16 marks)
6. (a) Distinguish between **mild inflation** and **hyperinflation**. (04 marks)
- (b) Explain the effects of hyperinflation in an economy. (16 marks)
7. (a) Differentiate between **taxation financing** and **debt financing**. (04 marks)
- (b) Why may a government rely more on debt financing than taxation financing? (16 marks)

***END***

**P220/2**

**ECONOMICS Paper 2**

**Nov. /Dec. 2013**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 2**

**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) Distinguish between **economic profits** and **normal profits**. (02 marks)  
(ii) Mention any **two** factors that influence the level of profits in your country. (02 marks)
- (b) (i) What is meant by a **development goal**? (01 mark)  
(ii) Mention any **three** development goals in your country. (03 marks)
- (c) State any **four** factors which limit the effective operation of trade unions in your country. (04marks)
- (d) (i) What is meant by **economic development planning**? (01 mark)  
(ii) Give any **three** factors that affect the implementation of development plans in your country. (03 marks)
- (e) (i) Differentiate between **taxable capacity** and **tax base**. (02 marks)  
(ii) State any **two** reasons for the narrow tax base in your country. (02 marks)

**SECTION B:(80 MARKS)** Answer any four questions from this section.

2. (a) Describe the features of an oligopolistic market. (08 marks)
- (b) Examine the merits and demerits of Oligopolistic markets. (12 marks)
3. (a) Examine the role of the private sector in the development of your country.  
(b) What measures have been taken to promote the development of the private sector in your country? (10 marks)
4. (a) What is meant by **Foreign Aid**? (04 marks)  
(b) Assess the impact of Foreign Aid on the development of your country. (16 marks)

5. (a) Outline the objectives of the monetary policy in your country. (06 marks)
- (b) Examine the factors that limit the success of the monetary policy in your country. (14 marks)
6. (a) What is meant by the term “**trade liberalization**”? (02 marks)
- (b) Examine the merits and demerits of trade liberalization in your country. (18mks)
7. (a) Explain the contributions of public enterprises to the development of your country. (10 marks)
- (b) What are the problems faced by public enterprises in your country? (10 marks)

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2012**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS paper one**

**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 questions(s) attempted will **not** be marked.*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) (i) Given that an increase in the prices of commodity X from shs1500 to shs1800 resulted into a change in quantity demanded for commodity Y from 600 units to 570 units. calculate the **cross elasticity of demand**. (02 marks)

- (ii) State the relationship between commodities X and Y. (02 marks)
- (b) (i) What is meant by a **mixed economy**? (02 marks)
- (ii) Give any **three** merits of a mixed economy. (03 marks)
- (c) (i) Distinguish between **average product** and **marginal product**. (02 marks)
- (ii) State any **two** factors that may lead to an increase in marginal product of labour.
- (d) (i) State **Irving Fisher's equation** of exchange. (02 marks)
- (ii) How is the value of money determined in Fisher's equation of exchange? (2mks)
- (e) (i) Define the term **regressive tax**. (01marks)
- (ii) State any **three** effects of regressive taxes in an economy. (03marks)

**SECTION B (80 MARKS) Answer any four questions from this section.**

2. (a) State the **Malthusian population theory**. (04 marks)
- (b) Explain **five** ways in which the Malthusian population theory is relevant to developing countries. (10 marks)
- (c) State **six** limitations of the theory. (06 marks)
3. (a) Why do prices of agricultural products fluctuate? (10marks)
- (b) What are the effects of agricultural price fluctuations in an economy? (10 marks)
4. (a) Explain the **differences and similarities** between **pure monopoly** and **monopolistic competitive** markets. (14 marks)
- (b) How does the existence of monopolistic competitive markets affect producers in your country? (06 marks)
5. (a) What are the features of economic union? (06 marks)
- (b) Explain the factors that limit regional economic integration among the developing countries. (14 marks)
6. (a) What is meant by **centralized planning**? (04 marks)
- (b) Explain the rationale for centralized planning in an economy. (16 marks)
7. (a) Define the term nationalization of enterprises. (04 marks)

- (b) Examine the merits and demerits of nationalization of enterprises in an economy.  
(16 marks)

***END***

**P220/2**

**ECONOMICS Paper 2**

**Nov. /Dec. 2012**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 2**

**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) Differentiate between **nominal Gross Domestic Product** and **real Gross Domestic Product**. (02marks)  
(ii) Given that a country's GDP is SHS 400 billion, net income from abroad is SHS 40 billion and depreciation is SHS 20 million. Calculate the net national product (NNP). (02marks)
- (b) Mention any **two**:

- (i) Factors that have influenced the level, (02 marks)  
(ii) Benefits (02mks)
- of foreign direct investment in your country.
- (c) State any **four** features of dualism in your country. (04marks)
- (d) (i) Distinguish between **cost-push inflation** and **bottleneck inflation**. (02 marks)  
(ii) Mention any **two** causes of bottleneck inflation and bottleneck inflation in your country. (02 Marks)
- (e) (i) What is meant by **labour –saving techniques** of production? (02 marks)  
(ii) Mention any two merits of the labour –saving techniques of production in an economy. (02 marks)

**SECTION B:(80 MARKS) Answer any four questions from this section.**

2. (a) Differentiate between **competitive supply** and **joint supply**. (04 marks)
- (b) Explain the conditions that may lead to a decrease in the supply of a commodity in your country. (16 marks)
3. (a) Distinguish between **economic growth** and **economic development**. (04 marks)
- (b) Explain the costs of economic growth in your country. (16 marks)
4. (a) Explain the causes of voluntary unemployment. (08 marks)
- (b) Suggest measures that should be taken to reduce the level of unemployment in your country. (12 marks)
5. (a) Distinguish between **banking financial institutions** and **non-banking financial institutions**. (04 marks)
- (b) Explain the functions of banking financial institutions in your country. (16 marks)
6. (a) What is meant by the term **balance of payments**? (04 marks)
- (b) Account for the persistent balance of payments deficit in your country. (04 marks)
7. (a) Distinguish between **government recurrent expenditure** and **development expenditure**. (04marks)
- (b) Account for the increase in public expenditure in your country. (16 marks)

***END***

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2011**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Any additional questions(s) attempted will **not** be marked.*

*Credit will be given for use of relevant diagrams*

**SECTION A (40 MARKS) Answer all parts of this question.**

1. (a) (i) What is meant by a **laissez-faire economy**? (02 marks)  
(ii) State any **two** demerits of a laissez –faire economy. (02 marks)
- (b) (i) Differentiate between an **operating cost** and an **over-head cost**. (02 marks)  
(ii) State any **two** overhead costs in an economy. (02 marks)

- (c) (i) What is meant by **aggregate demand**? (01 marks)
- (ii) Mention any **three** components of aggregate demand in an open economy. (03marks)
- (d) State any **four** features of economic development in your country. (04 marks)
- (e) (i) Distinguish between **optimum population** and **over population**. (02 marks)
- (ii) State any **two** demerits of over population. (02marks)
- (f) (i) What is meant by the term “**foreign exchange rate control**”? (1mark)
- (ii) Mention any **three** objectives foreign exchange rate control. (03marks)
- (g) (i) State the “**law of comparative cost advantage**.” (01 mark)
- (ii) Give any **three** assumptions of the law of comparative cost advantage. (03 marks)
- (h) (i) Define the term “**currency depreciation**”. (01 mark)
- (ii) Mention any **three** effects of currency depreciation in an economy. (03 Marks)
- (i) (i) What is meant by a **funded debt**? (01 mark)
- (ii) Mention any **three** reasons for raising money through public debt. (03 marks)
- (j) State any **four** ways by which public enterprises are privatized. (04 marks)

### **SECTION B:(60 MARKS) Answer any three questions parts of this questions**

2. (a) Explain the role of price mechanism in the allocation of resources in an economy.
- (b) Discuss the implications of relying on price mechanism in the allocation of resources in an economy. (12 marks)
3. (a) Differentiate between **disposable income** and **per capita income**? (04 marks)
- (b) What are the limitations of using per capita income to compare standards of living between countries? (16 marks)
4. (a) Differentiate between **Bi-lateral** and **Multi-lateral aid**. (04 marks)
- (b) Assess the impact of foreign aid on the development of an economy. (16 marks)

5. (a) Explain role of agriculture in the development of an economy. (12 marks)
- (b) What measures can be taken to improve the agricultural sector in an economy?
6. (a) What are the causes of unemployment in an economy? (10 marks)
- (b) Explain the effects of unemployment in an economy. (10marks)
7. (a) Explain the benefits of regional economic integration. (10marks)
- (b) What factors have undermined the achievement of regional economic integration in developing countries? (10 marks)
8. (a) What is meant by the term “**fiscal policy**”. (04 marks)
- (b) Explain the objectives of fiscal policy in an economy. (16 marks)

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**ECONOMICS Paper 2**

Nov. /Dec. 2011

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Any additional question(s) attempted will **not** be marked.*

*Credit will be given for use of relevant diagrams*

**SECTION A (40 MARKS) Answer all parts of this question.**

- . 1. (a) (i) Define the term “**composite demand** “. (01 mark)
- (ii) Give any **three** examples of composite demand in your country. (03 marks)

- (b) (i) Distinguish between **horizontal** and **vertical merging** of firms. (02 marks)
- (ii) State any **two** reasons for the merging of firms in your country. (02 marks)
- (c) Mention any **four** features of the informal sector in your country. (04 marks)
- (d) (i) Differentiate between **economic dependence** and **economic interdependence**. (02marks)
- (ii) Give any **two** forms of economic dependence in your country. (02 marks)
- (e) (i) Define the term “**trade union**”. (01 mark)
- (ii) Mention any **three** methods used by trade unions to settle industrial disputes in your country. (03 marks)
- (f) (i) Distinguish between **oligopoly** and **duopoly**. (02 marks)
- (ii) State any **two** advantages of oligopoly markets in your country. (02 marks)
- (g) (i) What is meant by the term “**credit multiplier**” (01mark)
- (ii) Given that the initial deposit in 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. (03 marks)
- (h) (i) What is meant by a **tariff**? (01 mark)
- (ii) Mention any **three** non-tariff barriers in your country. (03 marks)
- (i) (i) Differentiate between **capital gains tax** and **corporation tax**. (02 marks)
- (ii) State any **two** demerits of corporation tax in your country. (02 marks)
- (j) State any **four** forms of structural Adjustment Programs (SAP) that have been implemented in your country. (04 marks)

**SECTION B: (60 MARKS) Answer any three questions from this section.**

2. (a) Differentiate between **Gross Domestic Product** and **Net National Product**. (04 marks)
- (b) Explain the factors that influence the level of national income in your country. (16 marks)
3. (a) Describe the features of the industrial sector in your country. (10 marks)

- (b) Explain the measures being taken to improve the industrial sector in your country. (10 marks)
4. (a) Why is it necessary to compute consumer price indices in your country? (08 marks)  
(b) Discuss the difficulties encountered when computing consumer price indices in your country. (12 marks)
5. (a) Explain the causes of inflation in your country. (10 marks)  
(b) Suggest measures that should be taken to reduce inflation in your country. (10 marks)
6. (a) What are the features of a good economic development plan? (08 marks)  
(b) Explain the challenges faced during the implementation of economic development plans in your country. (12marks)
7. (a) Explain the role of the national budget in your country. (08marks)  
(b) Account for the persistent budget deficits in your country. (12 marks)
8. (a) Distinguish between **privatization** and **nationalization** of public enterprises. (04 marks)  
(b) Account for the privatization of public enterprises in your country. (16 marks)

***END***

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2010**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Any additional questions(s) attempted will not be marked.*

*Credit will be given for use of relevant diagrams*

**SECTION A (40 MARKS)** Answer all parts of this question.

1. (a) (i) What is meant by the term **elasticity of demand?** (01 mark)  
(ii) Mention any **three** factors which determine the elasticity of demand for a commodity. (03marks)
- (b) (i) Distinguish between **lateral integration** and **conglomerate integration** of firms. (02 marks)  
(ii) Give any two conditions necessary for the success of lateral integration of firms. (02 marks)
- c) (i) Differentiate between **Average Propensity to Consume (APC)** and **Marginal Propensity to consume (MPC).** (02 marks)  
(ii) Given that a country's total income is SHS. 60,000 billion and its total consumption is SHS. 48,000 billion; calculate its APC. (02marks)
- (d) (i) Distinguish between **import substitution** and **export promotion** strategies of industrial development. (02 marks)  
(ii) Mention any **two** merits of import substitution strategy of industrial development. (02 marks)
- (e) (i) Distinguish between **piece rate** and **time rate** methods of wage payment. (02mks)  
(ii) Give any **two** merits of piece rate method of wage payment. (02 marks)
- (f) Mention any **four** causes of underdevelopment in an economy. (04 marks)
- (g) (i) Differentiate between **cash ratio** and **reserve ratio.** (02 marks)  
(ii) Give any **two** reasons why the reserve ratio may be increased. (02 marks)
- (h) (i) What is meant by **dumping?** (01 mark)  
(ii) State any **three** effects of dumping in the recipient country. (03 marks)
- (i) (i) Distinguish between **suppressed inflation** and **hyperinflation.** (02 marks)  
(ii) Give any **two** effects of hyperinflation in an economy. (02 marks)
- (j) (i) Differentiate between **taxable income** and **taxable capacity.** (02 marks)  
(ii) Mention any **two** principles of taxation. (02 marks)

**SECTION B: (60 MARKS)** Answer **any three** questions from this section.

2. (a) Distinguish between **maximum** and **minimum price legislation.** (04marks)

- (b) Why may the use of price controls be avoided in an economy? (16 marks)
3. (a) Describe the features of monopolistic competition. (08 marks)
- (b) How does the firm under monopolistic competition maximize profits in the:  
(i) Short run. (06 marks)  
(ii) long run? (06 marks)
4. (a) What is meant by the "**economic development strategy**"? (04 marks)
- (b) Explain the merits of diversification in production as an economic development strategy. (16 marks)
5. (a) Explain the factors that determine the level of wages in an economy. (6mks)
- (b) What are the limitations of the marginal productivity theory of wage determination? (14 marks)
6. (a) Explain the functions of a central bank. (08 marks)
- (b) How does a central bank control credit creation in a multi-bank system? (12 marks)
7. (a) Distinguish between **partial planning** and **decentralized planning**. (04 marks)
- (b) Why is development planning necessary in an economy? (16 marks)
8. (a) What is a "**public corporation**"? (04 marks)
- (b) Assess the role of public corporations in an economy. (16 marks)

END

P220/2

**ECONOMICS Paper 2**

**Nov. /Dec. 2010**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 2**

## INSTRUCTIONS TO CANDIDATES:

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Any additional questions(s) attempted will **not** be marked.*

*Credit will be given for use of relevant diagrams*

## SECTION A (20 MARKS) Answer all parts of this question.

1. (a) (i) What is meant by the term "**labour mobility**"? (01 mark)  
(ii) Suggest any **three** ways of increasing geographical mobility of labour in your country. (03 marks)
- (b) (i) What is meant by **Marginal Propensity to Save (MPS)**? (01 mark)  
(ii) Given the initial national income of a country is shs.22billion and that the MPS is 40%, calculate the **final income** in that country. (03 marks)
- (c) (i) Define the term "**subsistence production**". (01 mark)  
(ii) Give any **three** demerits of a large subsistence sector in your country. (03 marks)
- (d) (i) What is meant by the term "**tied aid**"? (01 marks)  
(ii) Give any **three** problems of relying on foreign aid in your country. (03 marks)
- (e) (i) Define the term "**under population**"? (01 mark)  
(ii) Give any **three** disadvantages of under population in your country. (03 marks)
- (f) (i) What is meant by **monetary policy**? (01 mark)  
(ii) Give **any three** tools of monetary policy in your country. (03 marks)
- (g) (i) Differentiate between **balance of trade** and **terms of trade**. (02 marks)  
(ii) Suggest any **two** ways of improving terms of trade in your country. (02 marks)
- (h) (i) What is **structural inflation**? (01 mark)  
(ii) Give any **three** causes of structural inflation. (03 marks)
- (i) (i) Define the term "**economic integration**". (01 marks)  
(ii) State any **three** merits of economic integration. (03 mark)
- (j) (i) What is meant by **public debt management**? (01 mark)  
(ii) Give **any three** objectives of public debt management in your country. (03 marks)

## SECTION B: (60 MARKS) Answer **three** questions from this section.

2. (a) Differentiate between **internal economies** and **external economies of scale**.

- (04 marks)
- (b) Account for the continued existence of small-scale firms in your country. (16 marks)
3. (a) Distinguish between **balanced growth** and **unbalanced growth** strategies.(4mks)  
(b) Account for the low –level of economic development in your country. (16 marks)
4. (a) What is meant by the term “**agricultural modernization**”? (04 marks)  
(b) Explain the factors limiting agricultural modernization in your country.(16 marks)
5. (a) Differentiate between **voluntary unemployment** and **involuntary unemployment**. (04 marks)  
(b) Suggest possible measures of reducing the unemployment problem in your country. (16 marks).
6. (a) How do commercial banks create credit? (Illustrate your answer). (08 marks)  
(b) Explain the factors which limit credit creation by commercial banks in your country. (12 marks).
7. (a) What is meant by “**vent for surplus theory**” as used in international trade? (04 marks)  
(b) Assess the role of international trade in the development of your country. (16 marks)
- (16 marks)
8. (a) Distinguish between **tax evasion** and **tax avoidance**. (04 marks)  
(b) Assess the impact of indirect taxes on the economy of your country. (16 marks)

END

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**ECONOMICS Paper 1**

**Nov. /Dec. 2009**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

## INSTRUCTIONS TO CANDIDATES:

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

### SECTION A (20 MARKS) Answer all parts of this question.

1. (a) (i) What is meant by **price discrimination?** (01 mark)  
(ii) Give any **three** conditions necessary for the success of price discrimination in an economy. (03 marks)
  
- (b) (i) Differentiate between **Gross Domestic Product (GDP)** and **Net Domestic Product (NDP)**. (02 marks)  
(ii) Given GDP at factor cost for country Y is 300 billion, indirect taxes (on expenditure) is 100billion €, subsidies are 150 billion €, calculate the country's GDP at market price. (02 marks)
  
- (c) (i) Define the term "**informal sector**"? (01 mark)  
(ii) State **three** features of an informal sector. (03 marks)
  
- (d) (i) What are the characteristics of Rostow's Take-off stage of economic growth? (02 marks)  
(ii) Give any **two** limitations of this theory. (02 marks)
  
- (e) (i) Define the term "**labour efficiency**." (01 mark)  
(ii) Give any **three** factors that determine labour efficiency in an economy.(03 marks)
  
- (f) (i) State the **Keynesian theory** of unemployment. (01 mark)  
(ii) Give any **three** solutions to the Keynesian unemployment problem. (03 marks)
  
- (g) (i) What is meant by the term "**value of money**." (01 mark)  
(ii) Mention any **three** factors that influence the value of money. (03 marks)
  
- (h) (i) Distinguish between **comparative advantage** and **absolute advantage** as used in

- international trade. (02 marks)
- (ii) State **any two** assumptions underlying the principle of comparative advantage. (02 marks)
- (i) (i) Define the term “**structural inflation**”. (01 mark)
- (ii) Mention any **three** measures that can be taken to control structural inflation in an economy. (03marks)
- (j) (i) Distinguish between a **reproductive debt** and a **dead weight debt**. (02 marks) (ii) Mention **any two** ways of managing a public debt. (02 marks)

**SECTION B (60 MARKS)** Answer any three questions from this section.

2. (a) Distinguish between an **increase in supply** and an **increase in quantity supplied** of a commodity. (04marks)
- (b) Explain the factors that lead to an increase in supply of a commodity. (16 marks)
3. (a) Explain the challenges being faced by the private sector in developing countries? (10 marks)
- (b) What measures should be taken to promote the private sector in developing countries? (10 marks)
4. (a) Explain the factors that determine economic growth in an economy. (10 marks)
- (b) State the benefits of economic growth to in a country. (10 marks)
5. (a) Explain the **Malthusian population theory**. (06 marks)
- (b) To what extent is this theory relevant to developing countries? (14 marks)
6. (a) Illustrate how profits are maximized under monopoly. (08 marks)
- (b). Explain the merits and demerits of monopoly in an economy. (12 marks)
7. (a) Define the term “**perspective planning**”. (04 marks)
- (b) Explain the factors limiting economic development planning in developing countries. (16 marks)
8. (a) Distinguish between **direct taxes** and **indirect taxes**. (04 marks)
- (b) Assess the impact of direct taxes on an economy. (16 marks)

***END***

P220/2

**ECONOMICS Paper 2**

**Nov. /Dec. 2009**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) (i) Define the term "**income elasticity of demand**". (01 mark)  
(ii) State any three uses of income elasticity of demand in your country. (03 marks)
- (b) (i) Distinguish between **horizontal merging** and **vertical merging** of firms. (02mks)  
(ii) Give **any two** reasons for the merging of firms in your country. (02 marks)
- (c) (i) Differentiate between the **investment multiplier** and the **government multiplier**.  
(02 marks)
- (ii) Given that the Marginal Propensity to Consume (MPC) in an economy is 0.7 and there is a change in investment of shs.50 million.

Calculate the:

- Investment multiplier. (01mark)
  - Final change in income in the economy. (01 mark)
- (d) (i) Distinguish between **economic dependence** and **economic interdependence**.

(02 marks)

- (ii) State **any two** forms of economic dependence in your country. (02 marks)
- (e) Mention **any four** features of the agricultural sector in your country. (02 marks)
- (f) (i) Differentiate between **disguised unemployment** and **frictional unemployment**.  
(02 marks)
- (ii) State **any two** solutions to the problem of disguised unemployment in your country. (02marks)
- (g) (i) Distinguish between a **money market** and a **capital market**. (02 marks)
- (ii) State **any two** functions of capital markets in your country. (02 marks)
- (h) (i) Define the term "**Trade liberalisation.**" (01 mark)
- (ii) Give **any three** advantages of trade liberalization in your country. (03 marks)
- (i) (i) Distinguish between a **sectoral plan** and a **comprehensive plan**. (02 marks)
- (ii) State **any two** obstacles to the effective implementation of economic development plans in your country.  
(02 marks)
- (j) (i) Differentiate between a **progressive tax** and a **regressive tax**. (02 marks)
- (ii) Give **any two** reasons for imposing progressive taxes in your country. (02 marks)

**SECTION B (60 MARKS) Answer any three questions from this section.**

2. (a) Distinguish between **capital formation** and **capital appreciation**. (04 marks)
- (b) Explain the factors that determine the level of capital formation in your country.  
(16 marks)
3. (a) Define term "**economic under –development.**" (04 marks)
- (b) Explain the causes of under-development in your country. (16 marks)
4. (a) Describe the structure of exports in your country. (06 marks)
- (b) Suggest measures that should be taken to increase export earnings in your country. (14 marks)

5. (a) Explain the methods used by trade unions to obtain wage increases for their members. (08 marks)
- (b) Explain the factors that limit the ability of trade unions to raise wages in your country? (12 marks)
6. (a) State two objectives of the monetary policy in your country. (04 marks)
- (b) Explain the factors which limit the effective operation of the monetary policy in your country. (16 marks)
7. (a) Distinguish between **cost push** and **demand-pull inflation**. (04 marks)
- (b) Account for the persistent inflation in your country. (16 marks)
8. (a) Account for the privatization of public enterprises in your country. (08 marks)
- (b) What problems have been encountered in the privatization of public enterprises in your country? (12 marks)

***END***

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2008**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) (i) Distinguish between vertical merging and horizontal merging of firms. (02 marks) (ii) Mention **any two** advantages of horizontal merging of firms. (02 marks)
  
- (b) (i) State the **law of demand** and the **law of supply**. (02 marks)  
(ii) How is the price of a commodity determined in a laissez faire economy? (02mks)
  
- (c) (i) Define the term "**economic dependence**". (01 mark)  
(ii) Give any **three** effects of economic dependence in an economy. (03 marks)
  
- (d) (i) State the "**Big-push theory**" of economic growth. (01 mark)  
(ii) Mention any **three** limitations of the of the Big-push theory in developing countries. (03 marks)
  
- (e) (i) What is meant by the term "**capital accumulation**." (01 mark)  
(ii) Mention **any three** factors that limit capital accumulation in an economy. (03 marks)
  
- (f) (i) Define the term "**agricultural modernization**". (01 mark)  
(ii) Give **any three** methods of agricultural modernization. (03 marks)
  
- (g) (i) State the **marginal productivity theory** of distribution. (01 marks)  
(ii) Give any **three** limitations of this theory. (03marks)
  
- (h) (i) Distinguish between **structural unemployment** and **seasonal unemployment**. (02mks)  
(ii) Suggest **any two** measures that should be taken to reduce structural unemployment in an economy. (02 marks)
  
- (i) Mention any **four** effects of balance of payments deficit on an economy. (04mks)
  
- (j) (i) Differentiate between a **national debt** and a **public debt**. (02 marks)  
(ii) Mention **any two** reasons for incurring a public debt in an economy. (02

marks)

**SECTION B: (60 MARKS)** Answer **three** questions from this section.

2. (a) Explain the importance of computing national income in an economy. (10mks)  
(b) What are the problems faced while computing national income? (10mks)
3. (a) Distinguish between **economic growth** and **economic development**. (04 marks)  
(b) Examine the implications of economic growth in an economy. (16 marks)
4. (a) Account for the wage differentials in an economy. (10 marks)  
(b) Examine the merits and demerits of setting a high minimum wage. (10 marks)
5. (a) Describe how price indices are computed in an economy. (06 marks)  
(b) Study the table below and answer the questions that follow:

Commodity	Base Year Price (2005)	Base Year Indices	Prices (2006)	Weight
P	200	100	150	4
Q	250	100	300	1
R	150	100	240	3
S	400	100	400	5
T	300	100	450	2

Calculate the:

- (i) Price relative for each commodity in 2006. (05 marks)
- (ii) Weighted index for each commodity. (05 marks)
- (iii) Simple price index for 2006. (02 marks)
- (iv) Weighted index for 2006. (02 marks)
6. (a) Distinguish between **creeping** and **galloping inflation**. (10 marks)  
(b) Explain the effects of inflation in an economy. (10 marks)
7. (a) Describe the features of a good economic development plan. (10 marks)  
(b) Account for the failure by developing countries to effectively implement economic development plans. (10 marks)
8. “Developing countries should privatize Public Enterprises if they are to attain economic

growth and development” Discuss. (20 marks)

END

P220/2

ECONOMICS Paper 2

Nov. /Dec. 2008

3 hours

UGANDA NATIONAL EXAMINATIONS BOARD

Uganda advanced Certificate of Education

ECONOMICS Paper 2

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) Distinguish between the following;

(i) **free good** and **economic good**. (02 marks)

(ii) **Public good** and **private good**. (02 marks)

(b) (i) Define the term “**industrial inertia**” (01 mark)

- (ii) Why should the government influence the location of an industry? (03 marks)
- (c) State **any four** features of under-development in your country. (04 marks)
- (d) Mention **any four** factors which limit agricultural mechanisation in your country. (04 marks)
- (e) (i) Define the term "**Labour force.**" (01 mark)
- (ii) Give any **three** determinants of the size of labour force in your country. (3mks)
- (f) (i) Distinguish between **disguised unemployment** and **under employment**. (02mks)
- (ii) State **any two** causes of disguised unemployment in your country. (02 marks)
- (g) (i) Distinguish between **currency revaluation** and **currency under-valuation**. (02mks)
- (ii) State **any two** effects of currency under-valuation. (02 marks)
- (h) (i) What is meant by the term "**protectionism**" (01 mark)
- (ii) Give **any three** reasons why there is need for protectionism in your country. (03 marks)
- (i) (i) What is meant by **decentralized economic planning?** (01 mark)
- (ii) State **any three** merits of decentralized economic planning. (03 marks)
- (j) (i) Distinguish between a **private** and a **public enterprise**. (02 marks)
- (ii) Give **any two** reasons for the establishment of public enterprises in your country. (02 marks)

**SECTION B: (60 MARKS)** Answer **three** questions from this section.

2. (a) Account for the survival of small –scale firms alongside large scale firms in your country. (10 marks)
- (b) What are the merits of small-scale firms in your country? (10 marks)
3. (a) Describe the features of an oligopolistic market. (10 marks)
- (b) Explain the demerits of oligopolistic markets in an economy. (10 marks)
4. (a) Define the term "**monetary policy**". (04 marks)

- (b) Explain the tools of monetary policy used in your country. (16 marks)
5. (a) Describe the structure of the industrial sector in your country. (08 marks)
- (b) Explain the factors which have influenced the development of the industrial sector in your country. (12 marks)
6. (a) Explain the causes of unemployment, according to J.M Keynes. (06 marks)
- (b) What are the effects of unemployment in your country? (14 marks)
7. (a) Distinguish between a **floating exchange rate** and a **fixed exchange rate**.
- (b) Explain the merits and demerits of foreign exchange control in an economy.
8. (a) Explain the principles of taxation. (10 marks)
- (b) What are the problems faced by tax authorities in your country? (10 marks)

END

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2007**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) State **any four** methods of determining prices of commodities in your country.  
(04mks)
- (b) Distinguish between:
  - (i) **total costs** and **marginal costs** of a firm. (02 marks)
  - (ii) **break-even** and **shut-down point** of a firm. (02 marks)
- (c) (i) State the **law of variable proportions**. (01 mark)
- (ii) Mention **any three** assumptions underlying this law. (03 marks)
- (d) (i) Distinguish between **normal profit** and **pure profit**. (02 marks)
- (ii) How is normal profit determined under perfect competition? (02 marks)
- (e) (i) Differentiate between the **multiplier** and **accelerator theories** of investment. (02 marks)
- (ii) Given that the Marginal Propensity to consume (MPC) is 0.75; Calculate the size of multiplier. (02 marks)
- (f) (i) What is meant by the term "**dual economy**." (01 mark)
- (ii) Mention any **three** features of a dual economy. (03 marks)
- (g) (i) What is "**technology transfer**." (02 marks)
- (ii) Distinguish between **labor-saving** and **capital saving techniques** of production. (2 marks)
- (h) (i) Define the term "**government budget**." (01 mark)
- (ii) Mention **any three** objectives of a government budget. (03 marks)
- (i) (i) What is meant by **stagflation**? (01 mark)
- (ii) Suggest **any three** measures that can be taken to reduce stagflation in an economy. (03 marks)
- (j) (i) Distinguish between a **progressive tax** and a **proportional tax**. (02 marks)
- (ii) Give **any two** advantages of a progressive tax over the proportional tax. (02mks)

**SECTION B: (60 MARKS)** Answer any **three** questions from this section

2. (a) Distinguish between a **change in demand** and a **change in quantity demanded**. (04mks)
- (b) Explain the factors that cause a change in demand for a commodity. (16 marks)
3. (a) why is it necessary to measure national income? (08 marks)
- (b) Explain the problems encountered when measuring national income. (12 marks)
4. (a) Account for the rise of monopoly in an economy. (10 marks)
- (b) Assess the impact of monopoly in an economy. (10 marks)
5. “Developing countries should adopt the import substitution strategy of industrial development if they are to achieve their development goals”. Discuss (20 marks)
6. (a) Given a cash ratio of 0.2 and the total deposit created is Uganda shillings 200,000,000, Calculate the initial deposit that was available to the bank. (4mks)
- (b) Explain the factors that influence the process of credit creation in an economy. (16 marks)
7. (a) What is meant by the term “**collective bargaining**.” (04 marks)
- (b) When are employees justified to demand for wage increase? (16 marks)
8. (a) Differentiate between **direct** and **indirect taxes**. (04 marks)
- (b) Assess the impact of taxation in an economy. (16 marks)

END

P220/2

**ECONOMICS Paper 2**

**Nov. /Dec. 2007**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

- 1.(a) (i) Calculate the cross elasticity of demand if the price of commodity X falls from Uganda shilling 2,000,000 to Ug.Sh.1,600,000 per unit and the quantity demanded of commodity Y increases from 40,000 to 60,000 units. (03 marks)
- (ii) State the relationship between commodities X and Y. (01 mark)
- (b)(i) Define the term “**occupational mobility of labour**” (01 mark)
- (ii) Give any **three** factors that limit occupational mobility of labour in your country.
- (c) (i) Distinguish between **injection** and **leakages** in an open economy. (02 marks)
- (ii) State any **two** examples of leakages in your country. (02 marks)
- (d) Give any **four** factors which influence the rate of savings in your country. (04 marks)
- (e) Mention any **four** features of industrial sector in your country. (04 marks)
- (f) (i) Distinguish between **managed exchange rate** and **floating exchange rate**. (02 marks)
- (ii) State **any two** advantages of adopting a floating exchange rate in your country. (02 marks)
- (g) (i) Distinguish between a **money market** and a **capital market**. (02 marks)
- (ii) State **two** characteristics of money markets in developing countries. (02 marks)
- (h) (i) What is an **inflationary gap**? (01 mark)

- (ii) How can an inflationary gap be closed in an economy? (03 marks)
- (i) (i) Distinguish between **partial planning** and **comprehensive planning**. (02 marks)
- (ii) State **any two** constraints to economic development planning in your country. (02mks)
- (j) (i) Differentiate between **the impact** and **the incidence of a tax**. (02 marks)
- (ii) Mention **any two** effects of taxation in your country. (02 marks)

**SECTION B:(60 MARKS)** Answer any **three** questions from this section

2. (a) What are the features of oligopolistic market in your country? (10 marks)
- (b) Discuss the merits and demerits of oligopolistic markets in your country.
3. (a) Account for the uneven distribution of income in your country. (10 marks)
- (b) What measures have been adopted to minimize uneven distribution of income in your country? (10marks)
4. (a) In what ways is your country economically dependent? (10 marks)
- (b) What are the implications of such economic dependence? (10 marks)
5. Assess the impact of multi-national corporations in your country. (20 marks)
6. (a) Account for the existence of unfavorable terms of trade in your country. (10mks)
- (b) Suggest measures that should be taken to correct unfavorable terms of trade in your country. (10 marks)
7. (a) What is meant by term "**optimum population**." (04 marks)
- (b) Examine the implications of a high population growth rate in your country. (16 marks)
8. (a) Differentiate between **privatization** and **nationalization** of economic enterprises. (04 marks)
- (b) Assess the impact of privatization of public enterprises in your country. (16mks)

**END**

P220/1

**ECONOMICS Paper 1**

Nov. /Dec. 2006

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only*

*Section A is compulsory. Answers to this section should be concise.*

*Answer **three** questions from section B. All questions in section B carry equal marks*

*Credit will be given for use of relevant diagrams*

**SECTION A (20 MARKS) Answer all parts of this question.**

1. (a) (i) What is meant by **price discrimination**? (01 mark)  
(ii) State three necessary conditions for price discrimination to succeed. (03 marks)
- (b) (i) Define the term **marginal propensity to save**. (02 marks)  
(ii) Given that the current level of Gross Domestic Product is 300 million shillings, the increase in national investment expenditure is 50 million shillings, and the marginal propensity to save is 0.2: calculate the final level of national income. (02 marks)
- (c) Explain the meaning of the following terms:
  - (i) **Marginal Utility of income.** (02 marks)
  - (ii) **Marginal rate of substitution.** (02marks)
- (d) (i) What is meant by a **development goal**? (01 mark)  
(ii) Give any **three** economic development goals in your country. (03marks)
- (e) (i) Define the term **labour force**? (01 mark)  
(ii) Mention any **three** factors which determine the size of the labour force in an economy. (03 marks)
- (f) (i) What is meant by **liquidity preference**? (01mark)

- (ii) Mention any **three** factors which determine liquidity preference in an economy. (03 marks)
- (g) (i) Define the term **retail price index**. (01 mark)
- (ii) Give any **three** uses of price indices. (03 marks)
- (h) (i) Distinguish between **deflation** and **reflation**. (02 mark)
- (ii) Mention any **two** instruments of reflationalary policy. (02 marks)
- (i) (i) Distinguish between a **proportional tax** and a **progressive tax**. (02 marks)
- (ii) State any **two** merits of progressive taxes. (02 marks)
- (j) (i) Distinguish between **nationalization** and **privatization** of enterprises. (02 marks)
- (ii) Give any **two** merits of nationalization of enterprises in an economy. (02 marks)

### **SECTION B: (60 MARKS)**

2. Study the supply schedule below and answer the questions which follow.

	A	B	C	D
Price of maize in shs/kg	10	20	30	40
Quantity of maize in kg	50	100	150	200

- (a) (i) Draw a supply curve using the information in the schedule. (02 marks)
- (ii) Calculate the price elasticity of supply for the commodity from point A to D. (02 marks)
- (b) Examine the factors that influence the quantity of a commodity supplied in an economy. (16 marks)
3. (a) Distinguish between **cost of living** and **standard of living**. (04 marks)
- (b) Explain the factors that influence people's standard of living in an economy. (16 marks)
4. (a) What is meant by the term **underdevelopment**? (04 marks)
- (b) Explain the causes of underdevelopment in the Third World countries. (16 marks)
5. (a) How are profits maximized in a perfect competition market in the short run. (8 marks)
- (b) Examine the advantages and disadvantages of a perfectly competitive market. (12 marks)
6. (a) Assess the role of taxation in your country. (8 marks)
- (b) How can the current taxation system in your country be improved. (12 marks)
7. (a) Differentiate between a **surplus budget** and a **deficit budget**. (04 marks)

8. (a) How does a government finance a deficit budget? (16 marks)
- (b) Distinguish between a **customs union** and a **common market**. (04 marks)
- (b) Explain the factors which limit economic integration among developing countries. (16 marks)

**P220/2**

**ECONOMICS Paper 2**

**Nov/ Dec. 2006**

3 hours

**UGANDA NATIONAL EXAMINATION BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section **B**. All questions in section **B** carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) What is meant by **factor prices**? (01 mark)
- (ii) Name **three** different factor prices in an economy. (3 marks)
- (b) (i) What is meant by **stock exchange**? (01 mark)
- (ii) State any **three** functions of stock exchange in your country. (03 marks)
- (c) (i) Differentiate between **Gross National Product (GNP)** and **Gross Domestic Product (GDP)**. (2marks)
- (ii) Give that GDP at market prices is £ 500 billion, indirect taxes amount to £ 155 billion and subsidies are £ 200 billion: Calculate the **GDP at factor cost**. (2 marks)
- (d) Mention any four features of the informal sector in your country. (4 marks)
- (e) Give any four demerits of economic dependence in your country. (4 marks)

- (f) (i) Differentiate between horizontal and vertical merging of firms. (2 marks)
- (ii) State any two reasons for the merging of firms. (2marks)
- (g) (i) Differentiate between a **soft loan** and a **hard loan**. (02 marks)
- (ii) State **two** reasons why your country continues to rely on loans. (02marks)
- (h) (i) What is meant by a **tariff**? (01 mark)
- (ii) Mention any three non –tariff trade barriers in your country. (03 marks)
- (i) (i) Differentiate between **demand –pull inflation** and **cost –push inflation**. (2mks)
- (ii) State any **two** causes of demand –pull inflation in your country. (2marks)
- (j) (i) Distinguish between **capital gains tax** and **corporation tax**. (2 marks)
- (ii) Given any **two** demerits of corporation taxi in your country. (2marks)

### SECTION B: (60 MARKS)

2. (a) How are prices determined in your country? (6 marks)
- (b) Account for the price instability of agricultural products in your country. (14mks)
3. (a) Define the term **investment**? (4 marks)
- (b) Suggest the measures that should be taken to increase the level of investment in your country. (16 marks)
4. (a) What are the merits of adopting the export promotion strategy of industrialization? (08 marks)
- (b) Explain factors that limit the adoption of this strategy in your country. (12 marks)
5. (a) Distinguish between **piece rate** and **time rate** methods of wage payment. (04mks)
- (b) Explain the merits and demerits of piece rate methods of wage payment. (16mks)
6. (a) Explain the objectives of the monetary policy in your country. (10 marks)
- (b) What factors limit the effective implementation of the monetary policy in your country? (10 marks)
7. (a) Explain the **Keynesian theory of unemployment**. (04 marks)
- (b) To what extent is this theory relevant to developing countries? (16 marks)
8. (a) Why do countries incur public debts? (06 marks)
- (b) Explain the methods used to reduce the burden of public debts in your country. (14 marks)

***END***

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2005**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) What is meant by a **transformation curve**? (02 marks)  
(ii) Mention any **two** factors that may cause a transformation curve to shift outward. (02 marks)
- (b) (i) Differentiate between a **normal price** and a **market price**. (02 marks)  
(ii) State **any two** ways of price determination in your country. (02 marks)
- (c) Given that the marginal propensity to consume (MPC) in a two – sector economy is 80%, initial investment is shillings 20,000,000 million, initial equilibrium level of income is shillings 80,000,000 million and if the investment is increased by shillings 5,000 million; Calculate the;
  - (i) **Multiplier value.** (02 marks)
  - (ii) **New equilibrium level of income.** (02 marks)
- (d) State any **four** examples of economic dualism. (04 marks)
- (e) (i) What is **economic growth?** (01 mark)  
(ii) State any **three** costs of economic growth in an economy. (03 marks)
- (f) (i) Distinguish between **labour mobility** and **efficiency of labour**. (02 marks)  
(ii) State **two** factors which influence the efficiency of labour in an economy.(02mks) (g) (i) Distinguish between **incidence of a tax** and **impact of a tax**.

(02 marks)

- (ii) Give any **two** demerits of a regressive tax. (02 marks)
- (h) (i) Distinguish between **money supply** and **demand for money**. (02 marks)
- (ii) Mention any **two** determinants of money supply in an economy. (02 marks)
- (i) State any **four** effects of balance of payment deficit on an economy. (04 marks)
- (j) (i) Distinguish between **national income at market price** and **national income at factor cost**. (02 marks)
- (ii) Given that the gross national income is SHS. 275,000,000 million and the Net income from abroad is SHS 15,000,000 million; Calculate the **Gross Domestic Income**. (02 marks)

### **SECTION B: (60 MARKS)**

2. (a) Distinguish between **price elasticity of demand** and **income elasticity of demand**. (04 marks)
- (b) Explain the factors that influence the price elasticity of demand. (16 marks)
3. (a) Distinguish between **real income per capita** and **nominal income per capita**. (04mks)
- (b) What are the limitations of using income per capita to compare welfare of people in a country overtime? (16 marks)
4. (a) Differentiate between **horizontal integration** and **vertical integration** of firms in an industry. (04 marks)
- (b) Explain the merits and the demerits of integration of firms in an economy. (16marks)
5. (a) Distinguish between **managed exchange rate** and a **free exchange rate**.
- (b) Explain the factors which determine the exchange rate in a money market. (16mk)
6. (a) Given that a micro-finance bank has initial deposits of shs.1,000,0000 and the required cash ratio of 25%. Calculate the:
- (i) **Credit multiplier**. (02 marks)
- (ii) Total deposits that will be created in a multi-bank system. (02 marks)
- (b) Explain factors which limit credit creation in an economy. (16 marks)
7. (a) Distinguish between a **sectoral plan** and a **comprehensive plan**. (04 marks)
- (b) Explain the importance of economic development planning in an economy.

8. (a) Differentiate between a **budget surplus** and a **budget deficit**. (04 marks)  
(b) Explain the significance of a national budget in an economy. (16 marks)

**END**

P220/2

**ECONOMICS PAPER 2**

**Nov/ Dec. 2005**

3 hours

**UGANDA NATIONAL EXAMINATION BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section **B**. All questions in section **B** carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) Differentiate between **public goods** and **merit goods**. (02 marks)  
(ii) State **any two** examples of merit goods in your country. (02 marks)
- (b) (i) Distinguish between **normal profit** and **supernormal profit**. (02 marks)  
(ii) Mention any **two** determinants of profit in your country. (02 marks)
- (c) (i) What is meant by **foreign direct investment**? (01 mark)  
(ii) Mention any **three** merits of foreign direct investment in an economy. (03 marks)
- (d) (i) Distinguish between **nominal income** and **real income**. (02 marks)  
(ii) Mention any **two** determinants of real income in your country. (02 marks)
- (e) (i) State the “**Big push**” theory of development. (01 mark)  
(ii) Mention any **three** factors that limit the application of the Big Push theory in your country. (03

- marks)
- (f) (i) Distinguish between a **minimum wage** and a **living wage**. (02 marks)
- (ii) State any **two** factors that influence the level of wages in your country. (02 marks)
- (g) Mention any **four** factors that determine the demand and supply of foreign currency in your country. (04 marks)
- (h) (i) Differentiate between **creeping inflation** and **galloping inflation**. (02 marks)
- (ii) Mention any **two** positive effects of creeping inflation in your country. (02 marks)
- (i) (i) Distinguish between **fiscal policy** and **monetary policy**. (02 marks)
- (ii) State any **two** instruments of fiscal policy in your country. (02 marks)
- (j) (i) What are **public enterprises**? (01 mark)
- (ii) Give any **three** reasons for the privatization of public enterprises in your country. (03 marks)

## SECTION B: (60 MARKS)

2. (a) Distinguish between **saving** and **investment**. (04 marks)
- (b) Explain the factors that have influenced investment in the private sector in your country. (16 marks)
3. (a) Describe the features of the industrial sector in your country. (10 marks)
- (b) What are the problems faced by the industrial sector in your country? (10 marks)
4. (a) Describe the population structure of your country. (08 marks)
- (b) Examine the economic implications of such a population structure. (12 marks)
5. (a) Differentiate between **capital intensive** and **labour intensive techniques** of production. (04 marks)
- (b) “Developing countries should mainly adopt labour intensive techniques of production.” Discuss. (16 marks)
6. (a) Study the table showing commodity prices for selected items (2000 and 2004) and answer questions that follow.

commodity	Average price index for 2000	Simple index for 2000	Average price index for 2004	Weight index 2004
-----------	------------------------------	-----------------------	------------------------------	-------------------

	(SHS)		(SHS)	
A	1000	100	1200	2
B	800	100	1000	4
C	400	100	650	3
D	750	100	900	5
E	1500	100	1800	1

Calculate the: (i) **Simple index for 2004.** (06 marks)

(ii) **Weighted index for 2004.** (06 marks)

- (b) Explain the problems which are faced in the computation of price indices in your country. (08 marks)
7. (a) Differentiate between **balance of trade** and **balance of payments.** (04 marks)  
 (b) Explain the causes of balance of payments disequilibrium in your country. (16 marks)
8. (a) Distinguish between **centralized planning** and **indicative planning.** (04 marks) (b) Explain the factors that limit the successful implementation of economic development plans in developing countries. (16 marks)

**END**

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2004**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section **B**. All questions in section **B** carry equal marks.*

*Credit will be given for use of relevant diagrams.*

### **SECTION A: (40 MARKS)**

1. (a) State any **four** reasons why a consumer buys less of a commodity when its price falls. (04 marks)
- (b) Given that a country's stock of machinery is valued at Ug. Shs. 100 billion at the beginning of the year, the total output from the machinery during the year was Ug. Shs 500 billion, depreciation costs during the year were 20%, calculate the:
  - (i) **Value of depreciation.** (02 marks)
  - (ii) **Net output during the year.** (02 marks)
- (c) (i) What is meant by **interest?** (01 mark)
- (ii) Mention any **three** determinants of interest rates. (03 marks)
- (d) With examples distinguish between **injections into** and **leakages from** a circular flow of income in an open economy. (04 marks)
- (e) (i) Differentiate between **marginal product** of labour and **average product** of labour. (02 marks)
- (ii) Mention any **two** factors which may increase the average product of labour. (2marks)
- (f) (i) Distinguish between a **pegged exchange rate** and a **flexible exchange rate.** (02 marks)
- (ii) Give any **two** advantages of adopting a pegged exchange rate in an economy. (02 marks)
- (g) (i) What is meant by an **inflationary gap?** (01 mark)
- (ii) State **three** effects of inflationary gap in an economy. (03 marks)
- (h) State any **four** conditions necessary for the success of regional economic integration. (04 marks)
- (i) (i) What is meant by a **public debt?** (01 mark)
- (ii) Suggest **three** ways in which an external public debt may be cleared. (03 marks)

(j) (i) What is **fiscal policy**? (02 marks)

(ii) State any **two** sources of government revenue. (02 marks)

## **SECTION B: (60 MARKS)**

2. (a) Explain the factors which determine the growth of a firm in an economy. (12mks) (b) Why may a firm continue to produce even when its **average Variable Costs** (**AVC**) are greater than its **Average Revenue (AR)**? (08 marks)
3. (a) How are profits maximized in a monopoly market situation? (08 marks)  
(b) Examine the **merits** and **demerits** of monopoly in an economy. (12 marks)
4. (a) Describe the **three** approaches used in measuring national income. (06 marks)  
(b) What problems are encountered when compiling national income? (14 marks)
5. (a) Explain the **Quantity Theory of Money**. (08 marks)  
(b) What are the limitations of the Quantity Theory of Money? (12 marks)
6. (a) Explain the **Malthusian theory of population**. (06 marks)  
(b) To what extent is the theory relevant to your country? (14 marks)
7. Study the table below showing output levels of two countries in two commodities given the same units of labour, and answer the questions that follow:

Country	Commodities	
	Generators	Coffee
X	400	600
Y	100	300

- (a) (i) State the country with **absolute advantage** in the production of both commodities. (2marks)
- (ii) Calculate the **opportunity cost** of producing each commodity in each country. (04 marks)
- (iii) In which commodity should each country specialize? (02 marks)
- (b) What are the limitations of the comparative cost advantage theory in international trade? (12 marks)
8. (a) Distinguish between **debt financing** and **taxation financing**. (04 marks)  
(b) Present the advantages of debt financing over taxation financing. (16 marks)

**END**

P220/2

**ECONOMICS PAPER 2**

Nov/ Dec. 2004

3 hours

**UGANDA NATIONAL EXAMINATION BOARD**

**Uganda Advanced Certificate of Education**

**ECONOMICS Paper 2**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section **B**. All questions in section **B** carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) Distinguish between **income elasticity of demand** and **price elasticity of demand**. (02 marks)  
(ii) State any **two** uses of the concept of price elasticity of demand in your country. (02 marks)
- (b) (i) What is “**appropriate technology**”? (01 mark)  
(ii) Give any **three** factors which have affected the development of appropriate technology in your country. (03 marks)
- (c) (i) Distinguish between **trade diversion** and **trade creation**. (02 marks)  
(ii) Mention **two** disadvantages of trade diversion. (02 marks)
- (d) (i) What is meant by the term “**economic dependence**”? (01 mark)  
(ii) Suggest any **three** measures to reduce economic dependence in your country. (03 marks)
- (e) (i) Define the term “critical **minimum effort**” as used in the Balanced Growth Strategy. (01 mark)  
(ii) Give any **three** factors which limit the operation of the balanced growth strategy. (03 marks)
- (f) (i) Distinguish between **disguised unemployment** and **cyclical unemployment**.

- (ii) Give any **two** causes of disguised unemployment in your country. (02 marks)
- (g) (i) What are **non-bank financial intermediaries?** (02 marks)
- (ii) State any **two** functions of these intermediaries in your country. (02 marks)
- (h) Give any **four** features of Uganda's export sector. (04 marks)
- (i) Given a cash ratio of 0.1% and initial deposits of shs.250,000; determine the:
- (i) **Total credit created.** (02 marks)
  - (ii) **Credit multiplier.** (02 marks)
- (j) (i) What is a **parastatal organization?** (01 mark)
- (ii) Give any **three** reasons for the poor performance of parastatal organizations in developing countries. (03marks)

### **SECTION B: (60 MARKS)**

2. (a) Examine the role of price mechanism in an economy. (10 marks)
- (b) What are the limitations of the price mechanism in allocating resources? (10mks)
3. (a) Explain the role of the private sector in the development of your country. (10mks) (b) What are the problems faced by the private sector in your country? (10 marks)
4. (a) Explain the concept of "**Under-development.**" (06 marks)
- (b) Account for the low rate of economic development in your country. (14 marks)
5. "Uganda should adopt an agricultural rather than an industrial development strategy if it is to attain a faster rate of economic growth." Discuss. (20 marks)
6. (a) What is meant by **collective bargaining?** (04 marks)
- (b) To what extent have trade unions in your country achieved their objectives? (16 marks)
7. (a) Differentiate between imported inflation and structural inflation. (04 marks)
- (b) Assess the impact of inflation in your country. (16 marks)
8. (a) Distinguish between a **comprehensive plan** and a partial plan. (04 marks)
- (b) Examine the role of planning in an economy. (16 marks)

**END**

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2003**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) Define the term “**opportunity Cost**”. (01 mark)  
(ii) State any three circumstances under which the opportunity cost principle can be applied in economics. (03 marks)
- (b) (i) Define the term “**Income Elasticity of demand**”. (02 marks)  
(ii) Given that an Individual’s income increased from Shs.50,000 to Shs.80,000 per month and this led to an increase in the demand for a commodity by 10%. Calculate the income elasticity of demand. (02 marks)
- (c) (i) Distinguish between the **break-even point** and the **shut-down point** of a firm. (02 marks)  
(ii) State any **two** reasons why a firm may continue to operate below the break-even point. (02 marks)
- (d) (i) Distinguish between **horizontal integration** and **vertical integration** of firms.  
(ii) State **two** advantages of horizontal integration of firms. (02 marks)
- (e) (i) Distinguish between a **mixed economy** and a **dual economy**. (02 marks)  
(ii) Mention any **two** features of economic dualism in your country. (02 marks)
- (f) (i) What is meant by the term “**collective bargaining**.” (01 mark)  
(ii) Give any **three** features of trade unions in developing countries. (03 marks)
- (g) (i) Distinguish between **frictional** and **seasonal unemployment**. (02 marks)  
(ii) Give **any two** causes of seasonal unemployment in an economy. (02 marks)

- (h) (i) Differentiate between **fiduciary issue** and **fiat money**. (02 marks)
- (ii) State **Irving Fisher's Quantity Theory** **Quantity Theory of Money**. (02 marks)
- (i) (i) Define the term '**economic development planning**.' (01 mark)
- (ii) Mention any **three** problems encountered in economic development planning in developing countries. (03 marks)
- (j) Mention any **four** Structural Adjustment Programs of the International Monetary Fund (IMF) that your country has implemented. (04 marks)

### **SECTION B: (60 MARKS)**

2. (a) What is meant by the term '**Price mechanism**'? (04 marks)
- (b) Explain the role of price mechanism in the allocation of resources in an economy. (16 marks)
3. (a) How are profits maximized in a perfect competition market in short-run? (08mks)
- (b) Examine the **advantages** and **disadvantages** of a perfectly competitive market. (12 marks)
4. (a) Distinguish between **export promotion** and **import substitution** strategies of industrialization. (04marks)
- (b) Explain the **merits** and **demerits** of adopting the import substitution strategy. (16 marks)
5. (a) Define the term '**optimum population**'. (04 marks)
- (b) Examine the economic implications of an increasing population in an economy. (16 marks)
6. (a) Differentiate between **trade creation** and **trade diversion**. (04 marks)
- (b) To what extent is the **comparative cost theory** applicable to developing countries? (16 marks)
7. (a) Distinguish between **inflation** and **reflation**. (04 marks)
- (b) Assess the impact of inflation in an economy. (16 marks)
8. (a) Explain the incidence of a tax when **supply is elastic** and **demand is:**
- (i) **inelastic.** (04 marks)
  - (ii) **perfectly elastic.** (04 marks)
- (b) What are the **advantages** of levying indirect taxes? (12 marks)

**END**

## ECONOMICS PAPER 2

Nov/ Dec. 2003

3 hours

### UGANDA NATIONAL EXAMINATION BOARD

#### Uganda Advanced Certificate of Education

#### ECONOMICS Paper 2

#### INSTRUCTIONS TO CANDIDATES:

Answer **four** questions only in this paper.

Section A is **compulsory**. Answers to this section should be concise

Answer **three** questions from section B. All questions in section B carry equal marks.

Credit will be given for use of relevant diagrams.

#### SECTION A: (40 MARKS)

1. (a) What is the role of the informal sector in your country? (04 marks)
- (b) (i) Differentiate between **transfer earnings** and **transfer payments**. (02 marks)  
         (ii) State any **two** sources of transfer payments in your country. (02 marks)
- (c) (i) What is meant by '**factor mobility**'? (01 mark)  
         (ii) Give any **three** barriers to factor mobility in your country. (03 marks)
- (d) Mention any **four** features of your country's economy. (04 marks)
- (e) (i) Define the term '**critical minimum effort**' as used in the Balanced Growth Strategy of economic development. (02 marks)  
         (ii) Mention any **two** limitations of the balanced growth strategy. (02 marks)
- (f) (i) What is meant by the term '**productivity of labour**'? (01 mark)  
         (ii) Mention any **three** factors which determine the productivity of labour in your country. (03 marks)
- (g) (i) Define the term '**commercial policy**'. (01 mark)  
         (ii) State any **three** instruments of commercial policy in your country. (03 marks)
- (h) (i) What is an '**inflationary gap**'? (01 mark)  
         (ii) How can an inflationary gap in an economy be closed? (03 marks)
- (i) (i) Distinguish between a **progressive tax** and a **regressive tax**. (02 marks)  
         (ii) Mention any **two** effects of a progressive tax system in your country. (02 marks)
- (j) (i) Distinguish between a **balanced budget** and a **deficit budget**. (2marks)

(ii) State any **two** ways of financing a deficit budget. (02 marks)

**SECTION B: (60 MARKS)**

2. (a) Explain how the cost of living index in an economy is computed. (08 marks)  
(b) What are the problems faced in the computation of cost of living indices? (12mks)
3. (a) Distinguish between **balanced growth** and **unbalanced growth** strategies of economic development. (04 marks)  
(b) Examine the **advantages** and **disadvantages** of the balanced growth strategy in developing countries. (16 marks)
4. (a) Define the term '**Investment**'. (04 marks)  
(b) Assess the impact of private foreign investment in your country. (16 marks)
5. (a) What are the causes of **disguised unemployment** in your country. (04 marks)  
(b) Explain the measures that should be taken to increase the level of employment in your country. (16marks)
6. (a) How do commercial banks in your country create credit? (08 marks)  
(b) Explain the factors which influence the credit creation process in your country.
7. "Protection is rather than free trade should be adopted if countries are to benefit from international trade". Discuss. (20 marks)
8. (a) Account for the divestiture of public enterprises in your country. (10 marks)  
(b) What are the problems encountered in the divestiture of public enterprises in your country? (10 marks)

**END.**

P220/1

**ECONOMICS Paper 1**

**Nov. /Dec. 2002**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is compulsory. Answers to this section should be concise*

*Answer three questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

### **SECTION A: (40 MARKS)**

1. (a) (i) Given that the price of a commodity Y decreased from sh.15,000 to shs. 10,000 and the quantity demanded of a related commodity Z increased from 200,000kg to 600,000kg. Calculate the **cross elasticity of demand** for commodity Z. (02mks)  
(ii) State the relationship between commodities Y and Z. (02 marks)
- (b) (i) Distinguish between **quasi-rent** and **economic rent**. (02 marks)  
(ii) State any **two** factors that influence the level of economic rent. (02 marks)
- (c) (i) Define the term '**marginal propensity to import**'. (02 marks)  
(ii) Given that a country's **Gross Domestic Product (GDP)** increased from 100 million \$ to 300 million \$ and the value of imports increased from 25 million \$ to 75 million \$, calculate the **marginal propensity to import**. (02 marks)
- (d) (i) Distinguish between **opportunity cost** and **marginal cost**. (02 marks)  
(ii) State the significance of opportunity cost in economics. (02 marks)
- (e) (i) Differentiate between **interest** and **profit**. (02 marks)  
(ii) Calculate the compound interest earned on the principle sum of Sh100, 000 lent for a period of three years at an interest rate of 10% per annum. (02marks)
- (f) (i) State the **marginal productivity theory of wages**. (01 mark)  
(ii) Mention any **three** limitations of the marginal productivity theory of wages.
- (g) (i) What is meant by **Value Added Tax (VAT)**. (01 mark)  
(ii) Give **any three** advantages of VAT in your country. (03 marks)
- (h) (i) State the **principle of comparative advantage** in international trade. (01 mark)  
(ii) Give **any three** assumptions underlying the principle of comparative advantage.
- (i) (i) Distinguish between **a partial plan** and **a comprehensive plan**. (02 marks)  
(ii) Mention **any two** merits of a comprehensive plan. (02 marks)

(j) (i) What is meant by **public debt management?** (02 marks)

(ii) Mention any **three** objectives of public debt management. (03 marks)

### **SECTION B: (60 marks)**

2. (a) Differentiate between **price control** and **price discrimination.** (04 marks)  
(b) Examine the merits and demerits of price control in an economy. (16 marks)
3. (a) Distinguish between **standard of living** and **cost of living.** (04 marks)  
(b) Why may per capita income not be a good indicator of standard of living?  
(16 marks)
4. (a) With help of a diagram, explain how a monopolist firm maximizes profits.  
(08marks)  
(b) Explain the implications of the existence of absolute monopoly in a developing country. (12 marks)
5. (a) What are the **assets** and **liabilities** of a commercial bank? (06 marks)  
(b) How are commercial banks able to achieve both liquidity and profitability objectives? (14 marks)
6. (a) What are **Trade Unions?** (04marks)  
(b) Under what circumstances are Trade Unions justified to demand for wage increase? (16marks)
7. (a) Distinguish between **centralized planning** and **indicative planning.** (04 marks)  
(b) What are the factors that influence the effectiveness of economic development planning in developing countries? (16 marks)
8. (a) Why may a government plan for deficit budget? (04 marks)  
(b) Explain the role of a government budget in an economy. (16 marks)

**END**

**P220/2**

**ECONOMICS PAPER 2**

**Nov/ Dec. 2002**

3 hours

**UGANDA NATIONAL EXAMINATION BOARD**

**Uganda Advanced Certificate of Education**

## ECONOMICS Paper 2

### INSTRUCTIONS TO CANDIDATES:

*Answer **four** questions only in this paper.*

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

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

### SECTION A:(40 MARKS)

1. (a) (i) What is meant by term “**Price**”? (01 mark)  
(ii) State any **three** methods of price determination in your country. (03 marks)
- (b) (i) Define the term “**investment**”. (01 mark)  
(ii) Mention any **three** factors that influence the level of investment in your country.
- (c) (i) What is meant by “**subsistence output**”? (01 mark)  
(ii) Give any **three** demerits of a large subsistence sector in your country. (03mks)
- (d) Mention any **four** objectives of economic development in your country. (04mks)
- (e) (i) What are “**infant industries**”? (01 marks)  
(ii) Suggest any **three** ways of protecting infant industries in your country. (03mks)
- (f) (i) Given that the **working population** in a country is 12,000,000, the **young population** is 14,000,000 and the **elderly population** is 4,000,000, Calculate the **country's dependency ratio**. (02 marks)  
(ii) Give any **two** disadvantages of such a population structure. (02 marks)
- (g) (i) Distinguish between **currency devaluation** and **currency depreciation**. (02mks)  
(ii) State any **two** effects of currency depreciation in your country. (02 marks)
- (h) (i) Differentiate between **structural inflation** and **demand-pull inflation**. (02mks)  
(ii) Mention any **two** effects of demand –pull inflation in your country. (02 marks)  
(I) (i) What is the difference between **taxable income** and **tax base**? (02 marks)  
(ii) Give any **two** reasons for the narrow tax base in your country. (02marks)

- (j) State any **four** causes of the poor performance of public enterprises in your country. (04marks)

### **SECTION B: (60 MARKS)**

2. (a) Distinguish between a **firm** and an **industry**. (04 marks)
- (b) Asses the role of small-scale industries in the development of your country's economy. (16 marks)
3. (a) Distinguish between **national income valued at factor cost** and **national income valued at market price**. (04 marks)
- (b) Suggest the steps that should be taken to increase the level of national income in your country. (16 marks)
4. (a) What, according to **J.M. Keynes**, are the solutions to the unemployment problem? (06marks)
- (b) Explain the limitations of the Keynesian theory of unemployment in developing countries. (14 marks)
5. (a) Explain the objectives of the monetary policy in an economy. (10marks)
- (b) What factors limit the successful implementation of the monetary policy in your country? (10 marks)
6. (a) Distinguish between **trade creation** and **trade liberalization**. (04 marks)
- (b) Examine the implications of trade liberalization on the economies of developing countries. (16 marks)
7. (a) What is the role of foreign aid in the economic development of your country?
- (b) Explain the problems associated with over relying on foreign aid. (10 marks)
8. (a) Assess the role of taxation in an economy. (08 marks)
- (b) Suggest ways of how tax collection can be improved in your country. (12 marks)

**END**

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2001**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

### **SECTION A: (40 MARKS)**

1. (a) (i) What is the relationship between **choice** and **opportunity cost**? (02 marks)  
(ii) Give any **two** uses of the opportunity cost concept to a producer. (02 marks)
- (b) (i) State the **law of variable proportions**. (01 mark)  
(ii) Give **any three** assumptions underlying the law of variable proportions. (03mks)
- (c) (i) What is meant by **marginal propensity to save**? (01 mark)  
(ii) Given that a rise in national income from £5,200 million led to an increase in savings from £400 million to £420 million; Calculate the **marginal propensity to save**. (03 marks)
- (d) (i) Distinguish between **quasi rent** and **economic rent**. (02marks)  
(ii) Why are payments to land always considered economic rent? (02marks)
- (e) Mention any **four** reasons why economic growth may not be accompanied by a corresponding rate of economic development. (04marks)
- (f) (i) Differentiate between **piece rate** and the **time rate** method of wage payment.  
(ii) State **two** advantages of using the time rate method of wage payment. (02marks)
- (g) (i) Explain the **Malthusian theory of population**. (02 marks)  
(ii) State any **two** limitations of the Malthusian theory of population. (02marks)
- (h) (i) Distinguish between a **fixed exchange rate** and a **managed exchanged rate**.  
(ii) Give any **two** merits of a fixed exchange rate. (02 marks)
- (i) (i) What is meant by **economic planning**? (02marks)  
(ii) Differentiate between a **comprehensive plan** and a **partial plan**. (02marks)
- (j) (i) Differentiate between **devaluation of a currency** and **depreciation of a currency**. (02marks)  
(ii) State any **two** merits of currency devaluation in an economy. (02 marks)

### **SECTION B: (60 MARKS)**

2. (a) Distinguish between **price control** and **price support**. (04 marks)  
 (b) Examine the **merits** and **demerits** of price control in an economy. (16 marks)
3. Study the table below showing the country's price indices and answer the questions that follow;

<b>Commodities (kg/ltr)</b>	<b>1998 Average price (SHS)</b>	<b>1998 simple price index</b>	<b>1995 Average price (SHS)</b>	<b>1995 Simple Price index</b>	<b>Weight</b>	<b>Weighted index</b>
Sugar (kg)	800	100	1000	-	3	-
Salt (kg)	450	100	600	-	5	-
Maize (kg)	220	100	400	-	6	-
Meat (kg)	700	100	1200	-	2	-
Fuel (ltr)	550	100	950	-	4	-

- (a) Calculate the:
- (i) **Simple price index** for each commodity in 1998. (02marks)
  - (ii) **Weighted price index** for each commodity in 1998. (02marks)
  - (iii) **Average weighted price index.** (02marks)
- (b) Explain the problems encountered when compiling price indices. (14mks)
4. (a) Differentiate between **import substitution** and **export promotion** strategies of industrialization. (04 marks)
- (b) Examine the **merits** and **demerits** of the export promotion strategy of industrialization. (16 marks)
5. (a) Account for the rise of monopoly in your country. (08 marks)
- (b) Examine the effects of monopoly in your country. (12 marks)
6. (a) Explain the different forms of protectionism. (10 marks)
- (b) What are the implications of protectionism in an economy? (10 marks)
7. (a) Explain the **Quantity theory of money**. (06marks)
- (b) What are limitations of the Quantity theory of money? (14 marks)
8. (a) What is meant by **economic integration**? (4marks)
- (b) Examine the **merits** and **demerits** of economic integration. (16 marks)

**END.**

P220/2

**ECONOMICS Paper 2**

**Nov. /Dec. 2001**

3 hours

# UGANDA NATIONAL EXAMINATIONS BOARD

## Uganda advanced Certificate of Education

### ECONOMICS Paper 2

#### INSTRUCTIONS TO CANDIDATES:

Answer **four** questions only in this paper.

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

Answer **three** questions from section B. All questions in section B carry equal marks.

Credit will be given for use of relevant diagrams.

#### SECTION A: (40 MARKS)

1. (a) (i) Distinguish between **excess capacity** and **over production**. (02marks)  
(ii) Give **two** causes of excess capacity in your country. (02marks)
- (b) study the table below showing price and quantity purchased of commodity X and answer the questions that follow;

Price consumers are willing to pay (shs)	Units purchased
300	1
250	2
200	3
150	4
100	5
50	6

- (i) What is meant by consumer's surplus? (01mark)
- (ii) Calculate the consumer's surplus if 4 units of the commodity were purchased at shs.150. (03marks)
- (c) Mention any **four** factors which limit occupational mobility of labour in your country. (04 marks)
- (d) Mention any **four** merits of the informal sector in your country. (04 marks)
- (e) State any **four** statistical problems faced while compiling national income in your country. (04 marks)
- (f) State any **four** social indicators of economic under development in your country.
- (g) (i) Differentiate between **wage freeze** and **wage restraint**. (02 marks)

- (ii) Give any **two** causes of wage differentials in your country. (02 marks)
- (h) (i) Distinguish between **barter terms of trade** and **income terms of trade**. (02mks)
- (ii) State any **two** causes of unfavourable terms of trade in your country. (02 marks)
- (i) Give any four measures applied to control inflation in your country. (04 marks)
- (j) (i) Distinguish between **marginal propensity to save** and marginal propensity to consume. (02 marks)
- (ii) Give **two** determinants of marginal propensity to save in your country. (02 marks)

### **SECTION B: (60 MARKS)**

2. (a) Explain the causes of agricultural price fluctuations in your country. (12 marks)
- (b) What are the effects of such price fluctuations in your country. (08 marks)
3. (a) what are **multi-national corporations**? (04 marks)
- (b) Assess the contribution of multi-national corporations to the development of your country. (16 marks)
4. (a) What are the features of oligopoly market? (06 marks)
- (b) Describe the forms of **non-price competition** used by the oligopoly firms in your country. (14 marks)
5. (a) Distinguish between **consumption multiplier** and **investment multiplier**. (04 marks)
- (b) Explain the factors which limit the effective operation of the investment multiplier in your country. (16 marks)
6. (a) Account for the unemployment problem in your country. (10 marks)
- (b) Explain the measures being taken to tackle the unemployment problem in your country. (10 marks)
7. (a) Why is there need for development planning in your country. (10 marks)
- (b) What factors limit effective implementation of development plans in developing countries. (10 marks)
8. (a) Account for the privatisation of public enterprises in your country. (10 marks)
- (b) What problems have been faced in the privatisation of public enterprises in your country. (10 marks)

***END***

**P220/1**

**ECONOMICS Paper 1**

**Nov. /Dec. 2000**

3 hours

**UGANDA NATIONAL EXAMINATIONS BOARD**

**Uganda advanced Certificate of Education**

**ECONOMICS Paper 1**

**INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

*Section A is **compulsory**. Answers to this section should be concise*

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

**SECTION A: (40 MARKS)**

1. (a) (i) What is the relationship between **choice** and **opportunity cost**. (02 marks)  
(ii) Give any **two** uses of opportunity cost concept to the producer. (02 marks)  
(b) (i) State the **law of variable proportions**. (01 mark)  
(ii) Give any **three** assumptions underlying the law of variable proportions. (03mks)  
(c) (i) What is meant by **marginal propensity to save**? (01 mark)  
(ii) Given that a rise in national income from £5,200 million led to an increase in savings from £400 million to £420 million. Calculate the **marginal propensity to save**. (03 marks)  
(d) (i) distinguish between **quasi** rent and **economic** rent. (02 marks)  
(ii) why are payments to land always considered economic rent? (02 marks)  
(e) mention any four reasons why economic growth may not be accompanied by corresponding rate of economic growth. (04 marks)  
(f) (i) Differentiate between **piece rate** and **time rate** method of wage payment. (2mks)  
(ii) State any **two** advantages of using the time rate method of wage payment. (2mks)  
(g) (i) Explain the **Malthusian theory of population**. (02 marks)  
(ii) State any **two** limitations of the Malthusian theory of population. (02 marks)  
(h) (i) What is meant by **economic planning**? (02 marks)

- (ii) Differentiate between a comprehensive plan and a partial plan. (02 marks)
- (i)(i) Distinguish between a **fixed exchange rate** and a **managed exchange rate**.
- (ii) Give any **two** merits of a fixed exchange rate. (02 marks)
- (j) (i) Differentiate between **devaluation of a currency** and **depreciation of a currency**. (02 marks)
- (ii) State any **two** merits of currency devaluation in an economy. (02 marks)

### **SECTION B: (60 MARKS)**

2. (a) distinguish between price controls and price support. (04 marks)  
 (b) examine the merits and demerits of price controls in an economy. (16 marks)
3. Study the table below and answers the questions that follow.

Commodity	Base year price (1990)	Base year simple index (1990)	Selected year price 1998	Weight
A	200	100	700	5
B	150	100	500	4
C	500	100	1000	3
D	100	100	300	2
E	700	100	1200	1

- (a) Calculate the;
- (i) Simple price index for each commodity in 1998. (02 marks)
  - (ii) weighted price index for each commodity in 1998. (02mks)
  - (iii) Average weighted price index. (02 marks)
- (b) Explain the problems encountered when compiling price indices. (14 marks)
4. (a) Differentiate between **import substitution** and **export promotion** strategy of industrialisation. (04 marks)
- (b) Examine the **merits** and **demerits** of the export promotion strategies of industrialisation. (16 marks)
5. (a) Account for the rise of monopoly in your country. (10 marks)  
 (b) Examine the effects of monopoly in your country. (10 marks)
6. (a) Explain the different forms of protectionism. (10 marks)  
 (b) What are the implications of protectionism in an economy. (10

- marks)
7. (a) Explain the **quantity theory of money**. (06 marks)
  - (b) What are limitations of quantity theory of money? (14 marks)
  8. (a) What is meant by **economic integration**? (04 marks)
  - (b) Examine the **merits** and **demerits** of economic integration. (16 marks)

**END**

**P220/2**

## **ECONOMICS PAPER 2**

**Nov/ Dec. 2000**

3 hours

### **UGANDA NATIONAL EXAMINATION BOARD**

#### **Uganda Advanced Certificate of Education**

#### **ECONOMICS Paper 2**

#### **INSTRUCTIONS TO CANDIDATES:**

*Answer **four** questions only in this paper.*

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

*Answer **three** questions from section B. All questions in section B carry equal marks.*

*Credit will be given for use of relevant diagrams.*

#### **SECTION A:(40 MARKS)**

1. (a) (i) Distinguish between **resale price maintenance** and **reserve price**. (02 marks)  
(ii) State any **two** uses of price in your country. (02 marks)
- (b) (i) Define the term "**marginal efficiency of capital**". (01 mark)  
(ii) Give any **three** factors that determine marginal efficiency of capital in your country. (03 marks)
- (c) (i) Distinguish between **Gross Domestic Product (GDP)** and **Gross National Product (GNP)**. (02 marks)  
(ii) State **any two** uses of national income statistics in your country. (02 marks)
- (d) (i) What is meant by the term "**price index**"? (02 marks)  
(ii) Mention any **three** uses of price indices in your country. (02 marks)
- (e) (i) What is meant by the term '**economic dependence**'? (02 marks)  
(ii) Mention any **three** ways in which your country's economy is dependent. (02mks)
- (f) Mention any **four** population problems in your country. (02 marks)

- (g) (i) Differentiate between **creeping inflation** and **run-away inflation**. (02 marks)  
(ii) Give any **two** policy instruments for controlling inflation in Uganda. (02 marks)
- (h) (i) What is meant by **terms of trade**? (02 marks)  
(ii) State any **three** reasons why the terms of trade of developing countries are deteriorating. (03 marks)
- (i) (i) Define the term "**liquidity preference**" (01 mark)  
(ii) State any **three** factors that influence liquidity preference in your country. (03 marks)
- (j) (i) Define the term "**import duty**" (01 mark)  
(ii) State any **three** objectives of imposing import duty in your country. (03 marks)

### **SECTION B (60 MARKS)**

2. (a) What are the **features** of an informal sector. (04 marks)  
(b) Assess the contribution of the informal sector in your country. (16 marks)
3. (a) Account for the privatisation of public enterprises in your country. (10 marks)  
(b) What problems have been encountered in the privatisation process of public enterprises in Uganda. (10 marks)
4. (a) How are wages determined in your country? (06 marks)  
(b) Account for the wage differences in your country. (14 marks)
5. (a) Explain the **Keynesian theory of unemployment**. (08 marks)  
(b) To what extent is the Keynesian theory of unemployment applicable in your country. (12 marks)
6. (a) Assess the contribution of foreign capital investment to the development of your country. (12 marks)  
(b) Examine the **steps being** taken to attract foreign investors in Uganda. (08 marks)
7. (a) What is **economic development planning**? (04 marks)  
(b) Why does your country carryout economic development planning. (16 marks)
8. (a) Distinguish between **re-current expenditure** and **capital expenditure**. (04mks)  
(b) Account for the persistent budgetary deficit in your country. (16 marks)

**END**

## ECONOMICS TOPICAL QUESTIONS

### PART ONE: INTRODUCTION      ECONOMICS

1.     (a) Define the term **economics**.  
      (b) What makes the definition of economics according to Robbins the relevant definition of economics than others?  
      (b) Explain the reasons for studying economics in secondary schools.
2.     (a) Distinguish between **positive economics** and **normative economics**.  
      (b) Of what importance is the study of economics in an economy?
3.     (a) Differentiate between **micro economics** and **macro-economics**.  
      (b) Explain the importance of studying macroeconomics and micro-economics?  
      (c) Explain the differences between micro-economics and macro-economics.
4.     (a) Distinguish between **scarcity** and **choice**.  
      (b) How are the two concepts related in economics?  
      (c) Explain the relationship between the three fundamental problems of economics of scarcity, choice and opportunity cost.

5. (a) Define the term **opportunity cost**.  
(b) Explain the circumstances under which the opportunity cost principle can be applied in economics.  
(b) Explain the uses or the applicability of opportunity cost concept to a producer.
6. (a) Distinguish between **opportunity cost** and **choice**.  
(b) Explain the importance of studying opportunity cost in economics.
7. (a) What is meant by **Production Possibilities Frontier (PPF-curve)**?  
(b) What are the assumptions of the production possibilities frontier?  
(c) Under what circumstances may the production possibilities frontier shift either inwards or outwards?
8. (a) Distinguish between a **Transformation curve** and a **Trade –off**.  
(b) Explain the importance of production possibilities frontier in the study of resource allocation.
9. (a) Distinguish between **basic wants** and **secondary wants**.  
(b) Describe the characteristics of wants in an economy.
10. (a) Distinguish between **wealth** and **welfare**.  
(b) What are the characteristics of wealth?
11. (a) What is meant by the **concept of market** in economics?  
(b) Explain the features of a good market in an economy.  
(c) Describe the different types of markets in Uganda.
12. Distinguish between the following concepts:
  - (a) **Resources** and **human wants**.
  - (b) **Giffen paradox** and **conspicuous consumption**.
  - (c) **Scale of preference** and a **trade –off**
  - (d) **Economic welfare** and **non-economic welfare**
  - (e) **Consumers sovereignty** and **consumer goods**.

13. Distinguish between the following concepts
- (a) **Capital goods** and **consumer goods**
  - (b) **Free goods** and **economic goods**
  - (b) **Private goods** and **public goods**
  - (c) **Producer goods** and **intermediate goods.**
  - (d) **Merit goods** and **demerit goods.**
  - (e) **Normal goods** and **goods of ostentation**
  - (f) **Giffen goods** and **inferior goods**
  - (g) **Substitute goods** and **complementary goods.**
14. (a) Distinguish between;
- i) **an economy** and **an economic system.**
  - ii) a **command economy** and a **free enterprises economy.**
- (b) Explain the merits and demerits of a command economy.
15. (a) Distinguish between a **mixed economy** and a **dual economy**
- (b) What are the features of a mixed economic system?
- (c) Explain the advantages of a mixed economic system.
16. (a) Describe the features of a free enterprise economy.
- (b) Explain the merits and demerits of a Laissez faire economic system?
17. (a) What is meant by **consumer's sovereignty?**
- (b) Explain the limitations of consumer's sovereignty in a free enterprise economy.
18. (a) Distinguish between **an economy** and **an economic system.**
- (b) Explain how resources are allocated in a market economy planned and mixed economies.

#### PART TWO: PRICE THEORY

1. (a) Define term **price** as used in economics?
- (b) Give any three ways of price determination in your country.

- (c) Explain the uses price in an economy
2. (a) Distinguish between **reserve price** and **resale price maintenance**.
- (b) Give two factors affecting reserve price of a commodity to a seller.
- (c) What are the advantages of re-sale price maintenance in an economy.
3. Explain reasons why consumers buy less of a commodity when its price falls. **Or** Why the price and quantity demanded of a commodity move in the same direction.
4. (a) Distinguish between **composite demand** and **derived demand** and state the examples of each component.
- (b) Explain the reasons why people demand for commodities in your country.
- (c) Explain the factors that limit effective demand in an economy.
5. (a) Distinguish between **consumer sovereignty** and **consumer behavior**
- (b) Explain the limitations of consumer sovereignty in your country.
6. (a) What is meant by **price mechanism**?
- (b) Why may the government interfere in the operation of price mechanism an economy.
- (c) Discuss the factors that enhance the operation of price mechanism in an economy.
7. (a) Explain the role of price mechanism, in allocation of resources in a free enterprise
- economy.
- (b) Examine the implications of relying price mechanism in the allocation of resources in an economy.
- (c) What are the limitations of the price mechanism in allocating resources?
8. (a) Distinguish between a **change in demand** and a **change in quantity demanded**.
- (b) Explain the factors that cause a change in demand for a commodity in an economy.
- (c) Explain the factors that affect demand for a commodity in the market.

9. (a) Distinguish between an **increase in demand** and a **decrease in demand** for a commodity.
- (b) Explain the factors that lead to an increase in demand for a commodity.
10. (a) Distinguish between a **change in supply** and a **change in quantity supplied**.
- (b) Explain the factors that cause a change in supply of a commodity in an economy.
11. (a) Distinguish between an **increase in supply** and a **decrease in supply** of a commodity.
- (b) Explain the factors that may lead to an increase in supply of a commodity.
- (c) Explain the factors that lead to a decrease in supply of a commodity.
12. (a) State **the law of demand**?
- (b) Account for the negative slope of the demand curve.
- (c) Explain the exceptional cases to the law of demand.
13. (a) State the **law of supply**.
- (b) Explain the exceptional cases to the law of supply.
- (c) Explain the reasons for the backward bending supply curve of labour.
- (d) Explain the factors that may lead to an increase in supply of a commodity.
14. (a) Distinguish between **competitive supply** and **joint supply**.
- (b) Explain the factors influencing supply of a commodity in an economy.
15. (a) Distinguish between a **decrease in supply** and a **decrease in quantity supplied**.
- (b) Explain the conditions that may lead to a decrease in the supply of a commodity in your country.
16. (a) Distinguish between **competitive demand** and **complementary demand**.
- (b) Explain the factors influencing quantity demanded of a commodity in an economy / your country.
17. (a) Distinguish between
- (i) **Price elasticity of demand** and **Price elasticity of supply**.

- (ii) **Cross elasticity of demand** and **Income elasticity of demand**.
- (b) Apply the concept of price elasticity of demand to subsidies.
- (c) Explain the factors that may lead to inelastic (low) elasticity of demand of a commodity.
- (d) Discuss the factors that determine the degree of price elasticity of demand in an economy.
18. (a) Distinguish between **elasticity of supply** and **elasticity of demand**.
- (b) Explain the factors influencing price elasticity of supply.
- (d) Explain the factors that lead to inelastic elasticity of supply of a commodity.
- (e) Explain the factors that lead to elastic elasticity of demand for a commodity.
- (f) Explain the factors that lead to elastic elasticity of supply of a commodity.
- (g) Under what circumstances may the price elasticity of demand be elastic /inelastic?
19. (a) Examine the causes of agricultural price fluctuations in an economy / your country?
- (b) Explain the effects of agricultural price fluctuations in your country.
- (c) What measures should /can/may be taken to solve the problem of agricultural price fluctuations?
20. (a) How are prices determined in your country?
- (b) Account for the price instability of agricultural products in your country.
- (c) Explain the effects of instabilities in the prices of agricultural products in your country.
21. (a) Distinguish between **stabilization fund** and **buffer stocks**.
- (b) What are the objectives of the above concepts in economics
- (c) Why is it necessary for the government to control agricultural price fluctuations.
- (d) Suggest the measures that should be undertaken to minimise the effects of agricultural price fluctuations in Uganda.

22. (a) Distinguish between **price control** and **price support**.  
(b) Explain the effects of price control in developing countries.  
(b) Examine the merits and demerits of price control in an economy.
23. (a) Distinguish between **maximum price legislation** and **minimum price legislation**.  
(b) Examine the effects of legislating prices in an economy.
24. (a) Distinguish between **Maximum price** and **minimum price**.  
(b) Why may use of price controls be avoided in an economy?
24. (a) State the **law of diminishing marginal utility**?  
(b) Explain the relationship between **diminishing marginal utility** and **the demand curve**.  
(c) Explain the importance of the law of diminishing marginal utility
25. (a) Distinguish between **marginal utility of income** and **marginal rate of substitution**.  
(b) What are the underlying assumptions to law of diminishing marginal utility?
26. (a) Distinguish between **Price ceiling** and **Price floor**.  
(b) Explain the implications of maximum Price legislation in an economy.  
(c) Account for minimum Price legislation in an economy.  
(d) What are the implications of minimum Price control in an economy.

#### **PART THREE: PRODUCTION THEORY AND MARKET STRUCTURES**

1. (a) Distinguish **excess capacity** of a firm and **over production**.  
(b) Explain the causes of excess capacity in economies of developing world.  
(c) Explain the measures that can be taken to reduce the excess capacity in an economy.
2. (a) Examine the factors which determine the growth of a firm in an economy.  
(b) Why may a firm continue to produce even when it is incurring losses?



- (b) Give two reasons why all rent paid to land is economic rent.
  - (c) Explain the factors influencing economic rent in an economy.
  - (d) Explain the factors that determine the price of land in an economy.
11. (a) Distinguish between **factor mobility** and **factor immobility**.
- (b) Explain the factors influencing factor mobility in an economy.
  - (c) What are the factors that affect occupational mobility of labour in an economy.
  - (c) Discuss the policy measures to promote factor mobility in your country.
12. (a) Distinguish between **occupational mobility of labour** and **geographical mobility of labour**.
- (b) Examine the factors that limit geographical mobility of labour in your country.
  - (c) Discuss the barriers of occupational mobility of labour in your county.
  - (d) Explain the measures to improve the geographical mobility of labour in your country.
13. (a) Distinguish between **pure competition** and **perfect competition**.
- (b) Explain the features of a perfectly competitive market structure.
  - (c) Explain how output, price and profits are determined in a perfectly competitive market structure.
  - (d) How are profits maximized in a perfectly competitive market?
  - (e) How are profits maximized in a perfectly competitive market structure both in the short-run and long-run?
  - (f) Examine the advantages and disadvantages of a perfectly competitive market structure.
14. (a) Account for the rise of monopoly power in your country.
- (b) Examine the effects/implications of the existence of monopoly in your country.
  - (c) Explain the features of a monopoly market structure or explain the conditions for the success of monopoly in an economy.
  - (d) Explain how output, price and profits are determined in a monopoly market

- structure.
- (e) How are profits maximized in a monopoly market situation?
- (f) Explain the policy measures to control monopoly power in your country.
- (g) Why is it necessary to control monopoly power in your country.
15. (a) What are the features of an oligopoly market?
- (b) Distinguish between price rigidity and non-price competition.
- (c) Describe the forms of non-price competition used by Oligopoly or monopolistic firms in your country.
- (d) Explain how output, price and profits are determined in oligopoly market structure?
- (e) How are profits maximized in Oligopoly market situation?
- (f) Discuss the merits and demerits of Oligopolistic markets in your country.
16. (a) Explain the salient features of monopolistic competition.
- (b) How does a monopolistic competitive firm determine output, price and profits in the short-run and long-run?
- (c) How are profits maximized in a monopolistic competitive firm?
- (d) Explain the merits and demerits of a monopolistic competitive market structure
17. (a) Distinguish between **break-even point** and **shut-down point** of a firm.
- (b) Why may a firm continue to operate even when it is incurring losses or operating below the break-even point?
- (c) Explain the differences and similarities between pure monopoly and monopolistic competitive market.
- (d) How does the existence of monopolistic competitive markets affect producers in your country.
18. (a) State **the law of diminishing returns**.
- (b) What are the underlying assumptions to law of variable proportions?
- (c) Explain the limitations of the law of diminishing returns in an economy.

## PART FOUR: NATIONAL INCOME

1. (a) How is national income measured?

- (b) Why is the level of national income still low in Uganda?
  - (c) Explain the factors that influence the level of national in your country.
2. (a) Distinguish between **national income valued at factor cost** and **national income valued at market price**.
- (b) Suggest the steps that should be taken to increase the level of national income in your country
3. (a) Describe the three approaches used when measuring national income.
- (b) What problems are encountered when compiling /computing national income?
4. (a) Why is it necessary to measure or compile national income statistics?
- (b) Explain the importance of computing national income in an economy.
  - (c) Explain the factors that may lead to an increase in national income statistics in Uganda.
5. (a) Examine the causes of income inequality or account for uneven distribution of income in your country.
- (b) What are the merits and demerits of income inequality in an economy?
  - (c) Suggest the measures that should/ may/ can be undertaken to reduce income inequality in your country
  - (d) What measures have been adopted to reduce uneven distribution of income in your country?
  - (e) Why may income inequality be controlled in your country.
6. (a) Distinguish between **Gross National Product** and **Net Property Incomes**.
- (b) Why is the gross national product of United States of America higher than that of Uganda?
  - (c) Explain how national income is estimated and indicate three problems of each method.
  - (e) explain the statistical problems faced or encountered while measuring income statistics.
7. (a) Distinguish between **disposable income** and **income per capita**.

- (b) What are the limitations of using per capita income to compare standard of living between countries?
8. (a) Distinguish between **real income per capita** and **nominal income per capita**.  
(b) What are the limitations of using income per capita to compare welfare of people in a country over time?
9. (a) Distinguish between **cost of living** and **standard of living**.  
(b) Explain the factors that influence people's standard of living in an economy.  
(c) Why may per capita income not be a good indicator or measure of standard of living or welfare in the country?
10. (a) Distinguish between **consumer price index** and **producer price index**.  
(b) Why is it necessary to compute consumer price indices in your country?  
(c) Discuss the difficulties/ problems encountered when computing consumer price indices in your country.
11. (a) Describe how the cost of living index in an economy is computed.  
(b) What are the problems encountered while computing the of cost of living indices in developing countries?  
(c) Why may price indices be undesirable indicators of standard of living?
12. (a) Define the term **investment**?  
(b) Examine the factors influencing or affecting or determining the level of investment in your country.
13. (a) Distinguish between **investment multiplier** and **export multiplier**.  
(b) Examine the factors limiting the effective operation of investment multiplier in your country.
14. (a) Distinguish between **consumption multiplier** and **import multiplier**.  
(b) Explain the factors which limit the foreign private investment in developing countries.
15. (a) Distinguish between **saving** and **consumption**.  
(b) Explain the factors that influence the level of savings in your country.

16. (a) Distinguish between **induced investment** and **autonomous investment**.  
(b) Account for the low level of investment in your country.  
(c) Examine the measures of promoting the level of investment in your country.
17. (a) Distinguish between a **deflationary gap** and an **inflationary gap**.  
(b) Examine the measures that a country can undertake to close deflationary and inflationary gaps.  
(c) Explain the effects of an inflationary gap in your country.
18. (a) Distinguish between **injections** and **leakages** to the circular flow of income?  
(b) What economic elements constitutes injections and leakages to the circular flow of income?
19. (a) Distinguish between an **open economy** and **closed economy**.  
(b) Describe the components of aggregate demand as used in an open economy.  
(c) Explain how the income disequilibrium in an economy can be corrected?

#### PART FIVE: THE STRUCTURE OF UGANDA'S ECONOMY

1. (a) Describe the **structure of the economy** of your country.  
(b) Discuss the implications of such a structure in the economic development of your country.  
(c) Examine the factors responsible for under development in your country.
2. (a) Describe the **structure of agricultural sector** in your country.  
(b) Assess the implication of the structure of agriculture in Uganda.  
(c) Examine the factors affecting the development of agricultural sector in your country.
3. (a) Assess the role of agricultural sector in Uganda.  
(b) What are the **problems or challenges faced by** or **limitations of** the agricultural sector in your country?  
(c) Explain the measures that are being taken to improve the agricultural sector in Uganda.



- (e) Examine the implications of a large subsistence sector to the economy of your country.
10. (a) Describe the **structure of exports** of your country.
- (b) Suggest measures that should be taken to increase export earnings in your country.

#### **PART SIX: ECONOMIC GROWTH AND ECONOMIC DEVELOPMENT**

1. (a) What is meant by the term **economic growth**?  
(b) Examine the factors influencing the level of economic growth in an economy.  
(c) Explain why economic growth in a country may not be accompanied by corresponding rate of economic development.
2. (a) Distinguish between **economic growth** and **economic development**.  
(b) Examine the implications of economic growth in an economy.  
(c) Discuss the costs and benefits of economic growth in your country.  
(d) Explain the factors necessary for enhancing economic growth of an economy.
3. (a) Describe the stages of economic growth according to professor W.W. Rostow.  
(b) With reasons, suggest the Rostow's stage of economic growth that describes Uganda's current level of development.  
(c) Explain the limitations of Rostow's theory of economic growth.  
(e) Describe the features of an economy which has attained the drive to maturity stage of economic growth.
4. (a) What is meant by the term **economic development**?  
(b) Describe the features of economic development in your country.  
(c) Account for the low levels of economic development economies of developing world.  
(d) Explain the indicators of economic development in an economy.
5. (a) What is meant by **economic development goals**?  
(b) Discuss the objectives of economic development.

- (c) Identify the economic development goals Uganda is striving to achieve to promote rapid rate of economic development.
6. (a) What is meant by term **underdevelopment**?  
(b) To what extent is under development in developing world a result of external factors?  
(c) Examine the causes of underdevelopment in your country or in developing countries.
7. (a) Distinguish between **balanced growth theory** and **unbalanced growth theory**.  
(b) Examine the advantages and disadvantages of balanced growth theory in developing countries.  
(c) Explain the factors that limit balanced growth theory of economic growth in developing countries.
8. (a) Distinguish between **big-push growth theory** and **critical minimum effort**.  
(b) Explain the advantages and disadvantages of big-push theory of economic growth in developing countries.  
(c) Explain the factors that limit the application of big-push growth theory in developing countries.
9. (a) Distinguish between **forward linkages** and **backward linkages**.  
(b) Explain the advantages and disadvantages of unbalanced growth theory  
(c) Explain the limitations of unbalanced growth theory in developing countries.
10. (a) What is meant by the term **critical minimum effort** as used in balanced growth theory?  
(b) Explain the reasons why it's necessary to adopt balanced growth strategy among the developing countries.  
(c) Why may unbalanced growth theory be preferred to balanced growth theory in developing countries?

#### PART SEVEN: DEVELOPMENT PROCESS AND CHOICE OF A DEVELOPMENT STRATEGY

1. (a) Distinguish between a **development process** and **development strategy**.

- (b) Examine the merits and demerits of diversification in production as a development strategy.
2. (a) Explain the problems that result from over dependence on agriculture.
- (b) Suggest measures that have been taken to solve the problems in the agricultural sector.
- (c) Account for the poor performance of the agricultural sector in your country.
- (b) What steps are being taken to improve the performance in this sector?
3. (a) “Uganda should adopt an agricultural rather than an industrial development strategy if it is to attain faster rate of economic growth”. Discuss
- (b) State and explain the ways in which agriculture is dominant in Uganda’s economy.
- (c) Since agriculture is the dominant sector in developing world, it should receive the main emphasis in development. Discuss.
4. (a) What is meant by **agricultural development strategy**?
- (b) Explain the objectives of an agricultural development strategy.
- (c) Explain the advantages and disadvantages of an agricultural development strategy.
- (d) What are the limitations of an agricultural development strategy?
5. (a) What is meant by **agricultural modernization**?
- (b) Explain the different forms/methods of agricultural modernization your country has adopted.
- (c) Examine the merits and demerits of agricultural modernization.
6. (a) What is meant by **agricultural mechanization**?
- (b) Explain the different forms/methods of agricultural mechanization.
- (c) Examine the merits and demerits of agricultural mechanization in a country.
- (d) What are the limitations of agricultural mechanization in economies of developing World?
7. (a) What is meant by **agricultural diversification**?

- (b) Explain the merits and demerits of agricultural diversification in a country.
  - (c) What are the limitations of agricultural diversification in developing countries?
8. (a) What is meant by an **industrial development strategy**?
- (b) Explain the objectives of an industrial development strategy.
  - (c) What are the merits and demerits of an industrial development strategy?
  - (d) Explain the limitations of an industrial development strategy in developing countries.
9. (a) Why should economies of developing countries industrialize?
- (b) Examine the challenges facing the industrial sector in your country?
  - (c) What should be done to solve challenges facing the industrial sector in sector in your country?
10. To what extent is an inward-looking industrial development strategy ideal for your country?
11. (a) Distinguish between **export promotion** and **import substitution** strategies of industrial development.
- (b) Examine the limitations of import substitution strategy of industrial development in your country.
  - (c) why may import substitution strategy of industrial development be adopted.
12. (a) Distinguish between **export promotion** and **import substitution** strategies of industrial development.
- (b) Examine the advantages and disadvantages of export promotion strategy of industrialization.
  - (c) Explain the factors that limit the adoption of export promotion strategy industrial development.
13. (a) Distinguish between **inward looking** and **outward looking** industrial development strategies.
- (b) Assess the implications of adopting the export promotion strategy of industrial development?

- (c) Why may a country adopt an export promotion strategy of industrial development?
14. (a) “Development countries should adopt the import substitution strategy of industrial development if they are to achieve their development goal” Discuss.
- (b) Explain the limitations of the export promotion strategy of industrial development.
15. (a) Describe the structure of industrial sector in Uganda.
- (b) Assess the role of industrial sector in the development of Uganda.
- (c) Account for the slow growth of industrial sector in your country.
16. (a) Distinguish between **labour intensive** and **capital-intensive techniques** of production.
- (b) What arguments are usually given in favor of labour intensive techniques of production?
- (b) Under what circumstances may labour –saving techniques of production be employed despite the existence of surplus labour in developing World?
17. (a) Distinguish between **technological transfer** and **technological development**.
- (b) Examine the merits and demerits of technological transfer in economies of developing World.
- (c) What are the stumbling blocks to technology transfer in developing countries?
18. (a) Distinguish between **one-pound technology** and **one thousand-pound technology**.
- (b) Examine the merits and demerits of using capital intensive technology in your country.
19. (a) Distinguish between **capital-saving technology** and **labor-saving technology**.
- (b) Developing countries should adopt labor-intensive techniques of production if they are to achieve high rate of economic growth. Discuss
20. (a) Distinguish between **intermediate technology** and **appropriate technology**.

- (b) Examine the role of intermediate technology in the development of a country.
  - (c) Explain the factors which influence the development of appropriate technology.
  - (d) What are the factors undermine the growth of appropriate technology in your country.
26. (a) What is meant by **foreign aid**?
- (b) Explain the different forms of foreign aid in economies of developing World.
  - (c) Assess the impact of foreign aid on the development of an economy.
  - (d) Why do countries especially developing countries rely more on foreign aid to finance their development projects.
  - (e) Examine the problem associated with over relying on foreign aid in developing countries.
27. (a) Explain the different forms of economic infrastructure required in the developing process.
- (b) Discuss the role of economic infrastructure in the development process.
28. (a) What are **multi-national corporations**?
- (b) Assess the contribution of multi-national corporations to the development of your country.
29. (a) Distinguish between **foreign direct investment** and **foreign private investment**.
- (b) Assess the contribution of foreign capital investment to the development of your country.
  - (b) Examine the steps being taken to attract foreign investors in Uganda.
30. (a) What is meant by the term **education**?
- (b) Explain the features that qualify education to be a consumer good, economic good and an investment.
  - (c) What reasons would you give to justify your government's expenditure on education?
  - (d) What economic problems has the present education system in Uganda created?

- (e) Examine the contribution of education in development process of a country.
- (f) Examine the challenges of education in the economic development process of Uganda.
- (g) What measures are being taken to address the challenges of education in development process of Uganda?

#### **PART EIGHT: DEVELOPMENT OF AGRICULTURE AND INDUSTRY**

- 1. (a) Explain the role of agriculture in economic development.  
(b) Examine the arguments for and against agricultural development in your country?  
(b) Explain the bottlenecks of agricultural development in Uganda.
- 2. (a) Explain the role of cooperatives in the development of agriculture.  
(b) Examine the challenges faced by cooperatives in executing their duties in agricultural – development.  
(c) Examine the role of research and agricultural institutions in the development of agriculture.
- 3. (a) Distinguish between **transformation approach** and **improvement approach** in agriculture.  
(b) What major problems have been encountered in attempting to transform agriculture?
- 4. (a) What is meant by **commercialized agriculture**?  
(b) What factors have tended to limit expansion of commercialized agriculture in Uganda?
- 5. (a) Explain the major agricultural goals in your country.  
(b) What measures would you recommend to achieve these goals?  
(c) Account for the poor performance of the agricultural sector in your country  
(d) What steps are being taken to improve the performance of agricultural sector?
- 6. (a) What is meant by **industrial development**?  
(b) Explain the factors have influenced the growth of industries in your country.

- (c) What factors have tended to hinder industrial development in Uganda?
  - (d) What are some of the measures your government can adopt to promote industrial development.
  - (e) Explain the role of institutions in the promotion of industrial development.
7. (a) Describe the features of the manufacturing sector in your country.
- (b) Explain why rapid industrialization in LDCs has not been able to solve unemployment problem.
  - (c) What steps can be taken to increase the contribution of manufacturing industry to employment?
8. (a) Outline the major characteristics of agricultural production in the LDC's.
- (b) What land reform policies can lead to increased agricultural production in Uganda?
  - (c) What do you consider to be essential features of land reforms?
  - (d) Under what conditions would you expect such reforms to result into increased agricultural production?
9. (a) Explain the factors that have limited natural resources exploitation in Uganda.
- (b) Explain the measures being taken to increase the level of natural resource exploitation in Uganda.

#### PART NINE: POPULATION AND LABOUR

- 1. (a) Describe the **structure of population** of your country.
  - (b) Examine the economic implications of such a population structure.
2. (a) Define the term **optimum population**?
- (b) Examine the economic implications of an increasing population in an economy.
  - (c) Explain the measures that should be undertaken to control the effects of the increasing population in an economy.
3. (a) Explain the **Malthusian theory of population**.
- (b) To what extent is the theory relevant to your country or in developing countries?
4. (a) Explain the **Malthusian theory of population**.

- (b) What are the limitations of the Malthusian theory of population in your country?
5. (a) What are the factors influencing population growth rate in your country?  
(b) Assess the implications of high population growth rate in Uganda?
6. (a) Distinguish between **optimum population** and **Malthusian population trap**.  
(b) Explain the relationship between the Malthusian theory of population and the concept of optimum population.
7. (a) State the **Malthusian theory of population**.  
(b) Explain five ways in which the Malthusian population theory is relevant to developing countries.  
(c) Explain at least six limitations of the Malthusian theory of population.
8. (a) Explain the following population concepts.  
i) **Population explosion**.  
ii) **Hidden momentum of population growth**.  
iii) **Ageing population**  
iv) **Life expectancy**.  
v) **Population census**  
vi) **Natural and artificial population growth rate**.  
vii) **Dependence burden**  
viii) **Population trap**.  
ix) **Demographic transition**.  
(b) Explain the benefits of an increasing population in an economy.  
(c) Why is there need to control high population growth rate in developing countries.
9. (a) Why may increasing population be desirable in an economy.  
(b) Explain the problems associated with rapid population growth in developing countries.  
(c) Suggest measures each country should undertake to avoid over population and under population.
10. (a) Distinguish between **population** and **population census**.  
(b) Why is it important to study population characteristics in economics?  
(c) Explain reasons why countries carry out population census.

11. (a) Distinguish between **labour supply** and **labour force**.  
(b) Explain the factors influencing the size of labour force in a country.  
(c) Explain the factors influencing labour supply in an economy /your economy.  
(d) Explain the factors that have influenced demand for labour in an economy.
12. (a) What is meant by the term “**rural –urban migration**”  
(b) How can rural urban migration in Uganda be controlled?  
(c) Examine the implications of rural urban migration in your country.
13. (a) Distinguish between **real wage** and **nominal wage**.  
(b) Explain the factors which influence the level of wages in an economy.
14. (a) Distinguish between
  - (i) **A living wage** and **A subsistence wage**.
  - (ii) **Wage freeze** and **wage restraint**.  
(b) How are wages determined in your country.  
(c) Account for wage differences in your country.
15. (a) Distinguish between **a minimum wage** and **minimum wage legislation**.  
(b) Examine the implications of setting a high minimum wage in an economy.
16. (a) What is meant by **economy of high wages**?  
(b) Present the rationale for setting a high minimum wage an economy.  
(c) Explain the costs of setting a high minimum wage in an economy.
17. (a) Explain the **iron law of wages**.  
(b) To what extent is the iron law of wages applicable in developing countries.
18. (a) Describe the **marginal productivity of distribution**.  
(b) What are the assumptions of the marginal productivity distribution?  
(b) What are the limitations of the marginal productivity theory of distribution?
19. (a) Distinguish between **piece rate** and **time rate methods** of wage payments.

- (b) Assess the implications of using piece rate as a method of wage payment.
- (c) Under what circumstances may time rate method of wage payment be desirable in your country.
- (d) Discuss the advantages of piece rate system of wage payment to time rate system of wage payment.
20. (a) Explain the **marginal productivity theory of wages**.
- (b) To what extent is the marginal productivity theory of wages applicable to developing countries?
- (c) What are the limitations of the marginal productivity theory of wages in your country?
21. (a) What is meant by **trade unions**?
- (b) Explain the objectives of trade unions in your economy.
- (c) What are the benefits of trade unions in Uganda?
- (d) What problems do trade unions in your country face?
22. (a) Define the term **collective bargaining**.
- (b) Under what circumstances are workers justified to demand for wage increase?
- (c) Examine the problems facing trade unions in your country.
23. (a) Explain the methods used by trade union to demand for wage increase for their members.
- (b) Account for the limited effectiveness of trade unions to increase wages for their members in Uganda.
24. (a) Distinguish between **picketing** and **collective bargaining**.
- (b) To what extent have trade unions in your country achieved their objectives?
- (c) Explain the factors which influence the strength of trade unions.
- (d) What factors limit the ability of trade unions to raise wages in your country?

**PART TEN: EMPLOYMENT AND UNEMPLOYMENT**

1. (a) Distinguish between **employment** and **unemployment**.  
(b) Examine the causes of the unemployment problem in developing countries.  
(c) What steps are being taken to solve the unemployment problem in Uganda?
2. (a) Distinguish between **voluntary unemployment** and **involuntary unemployment**.  
(b) Examine the causes of involuntary unemployment in an economy.
3. (a) Distinguish between **disguised unemployment** and **frictional unemployment**.  
(b) Discuss the effects of unemployment problem on an economy.
4. a) Distinguish between **unemployment** and **under employment**.  
(b) Explain the causes of open urban unemployment in your economy.  
(c) What steps may be taken to minimize open urban unemployment in your country?  
5. (a) Distinguish between **structural unemployment** and **seasonal unemployment**.  
(b) Why is there need to reduce unemployment problem in Uganda.
6. (a) Distinguish between **casual unemployment** and **residual unemployment**.  
(b) Account for the unemployment problem in your country.  
(c) Explain the measures being taken to solve the unemployment problem in your country
7. (a) Explain the causes of structural unemployment in an economy.  
(b) What measures should be undertaken to curb unemployment in an economy?
8. (a) Distinguish between **technological unemployment** and **cyclical unemployment**.  
(b) Explain the effects of unemployment problem in economies of developing world.
9. (a) Distinguish between **under employment** and **full employment**.  
(b) Why is difficult to attain full employment in an economy?
10. (a) Distinguish between **voluntary unemployment** and **involuntary unemployment**.  
(b) Examine the causes of voluntary unemployment in an economy.

11. (a) What according to Keynes are the solutions to unemployment.
  - (b) Explain the causes of unemployment according to John Maynard Keynes.
  - (c) What are the effects of unemployment in your country?
12. (a) Explain the **Keynesian theory of unemployment**.
  - (b) Explain the assumptions of the Keynesian theory of unemployment.
  - (c) To what extent is the Keynesian theory of unemployment relevant to developing countries?

#### PART TWELVE: MONEY AND BANKING

1. (a) What is meant by **barter trade**?
  - (b) Explain the advantages of barter trade as a system of exchange?
  - (c) What are the limitations of barter trade as a system of exchange?
2. (a) Distinguish between **fiduciary issue** and **Fiat money**.
  - (c) Explain the functions of money in an economy.
3. (a) Distinguish between **hard currency** and **managed currency**.
  - (b) Describe the qualities of good money in a country.
  - (c) What role does money play in an economy?
4. Define the following concepts as used in money
    - (a) **Common money**
    - (b) **Near/quasi money**
    - (c) **Intrinsic money**
    - (d) **Token money**
    - (e) **Legal tender**
    - (f) **Bank deposits**
    - (g) **Currency**
5. (a) Distinguish between **money market** and **capital market**.

- (b) Explain the functions of each market in an economy.
- (c) Explain the functions of the stock exchange market in your country.
6. (a) Distinguish between **treasury bills** and **bonds**.
- (b) Explain the limitations to marketability of the above securities.
7. (a) What is meant by **liquidity preference /demand for money?**
- (b) Explain the different motives for demand for money in an economy.
- (c) Explain the factors influencing liquidity preference or demand for money in an economy.
8. (a) Distinguish between **money supply** and **demand for money**.
- (b) Explain the factors affecting the level of money supply in an economy.
- c) Why may an increase in money supply not necessarily lead to inflation?
9. Define the following concepts:
- (a) **Value of money**
- (b) **Nominal value of money**
- (c) **Real value of money**
- (d) **Intrinsic value of money**
- (e) **Interest rate?**
- (b) Explain the factors that influence the value of money in an economy.
- (c) For what reasons is interest paid?
- (d) Explain the factors influencing the level of interest rate in an economy.
10. (a) Distinguish between **liquidity ratio** and **cash ratio**.
- (b) What factors limit the level of liquidity preference in your country?
11. (a) What is meant by:
- (i) **The term legal tender.**
- (ii) **The term gold standard**

- (b) Explain the qualities of good money.
  - (c) Explain the factors which influence money supply in an economy
  - (d) What effects does an increase in money supply have on an economy?
12. (a) Explain the **Fisher's Quantity Theory of money**.
- (b) What are the assumptions of quantity theory of money?
  - (c) What are the limitations of Irving Fisher's Quantity Theory of money?
13. (a) State Irving Fisher's equation of exchange?
- (b) How is the value of money determined in Fisher's equation of exchange?
  - (c) Discuss the limitations of quantity theory of money.
  - (d) "The quantity theory of money as stated by Irving Fisher that  $P=MV/T$ , is a complete explanation as to why prices change" Discuss.
14. (a) Distinguish between **banking** and **non-banking financial intermediaries**.
- (b) Explain the functions of a central bank in an economy.
  - (c) Explain the functions of non-banking financial intermediaries in your country.
15. (a) Explain the objectives of monetary policy in an economy.
- (b) What factors limit the successful implementation of monetary policy in your country?
16. (a) Discuss the various tools of monetary policy used by the central bank to control credit creation in Uganda.
- (b) Examine the factors that have influenced monetary policy implementation in your country.
17. (a) Distinguish between **monetary policy** and **tools of monetary policy**.
- (b) Examine the instruments used by the central bank to regulate money supply in your country
18. (a) Distinguish between **monetary policy** and **fiscal policy**.
- (b) How does a central bank control credit creation in a multi-bank system?
  - (c) What factors undermine the application of monetary policy in our country?

19. (a) Explain the differences and similarities between **banking financial** and **non-banking financial intermediaries**.
- (b) Explain the role of non-banking financial intermediaries in the development process.
20. (a) Distinguish between **banking financial institutions** and **non-banking financial institutions**.
- (b) Explain the functions of banking financial institutions in your country.
- (c) Explain the role of commercial banks in your country.
21. (a) Explain the functions of commercial banks in your country.
- (b) Examine the problems faced by commercial banks in developing countries.
22. (a) What are **foreign commercial banks**?
- (b) Examine the role of foreign commercial banks in economic development of your country.
23. (a) Distinguish between **assets** and **liabilities** of commercial banks.
- (b) Present the examples of assets and liabilities held by commercial banks in an economy.
- (b) How are commercial banks able to achieve both liquidity and profitability objectives?
24. (a) What is meant by **credit creation** in commercial banks and present its assumptions.
- (b) Describe the process of credit creation among the commercial banks.
- (c) Explain the factors which influence the process of credit creation in an economy.
25. (a) How do commercial banks create credit in your country? (show the illustration)
- (b) Explain the factors which influence credit creation process in your country.
- (c) Explain the factors which limit credit creation by commercial banks in developing countries.

#### PART THIRTEEN: INFLATION

1. (a) What is meant by the term **inflation**?  
(b) Why does inflation a rise in your country.  
(c) Explain the measures being undertaken to control inflation in Uganda.
2. (a) Distinguish between **deflation** and **stagflation**.  
(b) Examine the impact of inflation in the economy of your country.
3. (a) What is meant by **inflationary spiral**?  
(b) To what extent is inflation in your country a result of increasing costs of production?
4. “Excessive demand and rising costs of production are no longer adequate to explain inflationary tendencies in economies of developing countries” Discuss.
5. (a) Account for current inflation rates in Uganda.  
(b) Suggest the measures that should be under taken to solve the problem of inflation in your country.  
(c) Discuss the effects of these measures on employment of factors of production.
6. (a) Account for the causes of demand –pull and cost –push inflation.  
(b) What measures can be taken to solve the problem of inflation in Uganda?
7. (a) Distinguish between **inflation** and **reflation**.  
(b) Under what circumstances may inflation be desirable in an economy?
8. (a) Examine the causes of inflation in your country.  
(b) Why may a low rate of inflation in an economy be desirable?  
(c) Examine the measures that can be taken to fight inflation in Uganda.
9. (a) Distinguish **creeping** and **galloping inflation**  
(b) Explain the effects of inflation in your country.  
(c) How can the effects of inflation be avoided in your country.
10. (a) Distinguish between **imported inflation** and **structural inflation**.  
(b) Why is there need to control the effects of inflation in your country.

11. (a) Distinguish between **cost push** and **demand-pull inflation**.  
(b) Account for persistent inflation in your country.
12. (a) Distinguish between **headline inflation** and **hyperinflation**.  
(b) Explain the consequences of hyperinflation in an economy
13. (a) Explain the different theories of inflation.  
(b) Explain the causes of cost push inflation in an economy.  
(b) What measures can be undertaken to control inflation in your country.
14. (a) Explain the relationship between **inflation** and **unemployment**.  
(b) Under what circumstances may inflation be desirable in an economy?
15. Distinguish between the following concepts.
  - a) **Dis-inflation** and **suppressed inflation**
  - b) **Walking inflation** and **running inflation**.
  - c) **Wage push inflation** and **profit push inflation**.
  - d) **Sectoral inflation** and **pricing power inflation**.
  - e) **core inflation** and **underlying inflation**.

#### PART FOURTEEN: PUBLIC FINANCE AND FISCAL POLICY

1. (a) Distinguish between **public finance** and **private finance**.  
(b) Explain the different sources of public finance  
(c) What is the role of public finance in your country?
2. (a) Distinguish between **public revenue** and **public expenditure**.  
(b) What are the sources of public revenue in an economy?  
(c) Discuss the objectives of public finance to the development of your country.
3. (a) Distinguish between **recurrent expenditure** and **capital expenditure**.  
(b) Examine the causes of high public expenditure in your country.  
(c) Suggest measures that can be undertaken to reduce high public expenditure in

your country.

4. (a) What is meant by the term **fiscal policy**?  
(b) Explain the objectives of fiscal policy in an economy.  
(c) Explain the instruments/tools of fiscal policy in an economy.
7. (a) Distinguish between **a tax** and **taxation**.  
(c) Assess the role of taxation on the economy of developing countries.
10. (a) Assess the role of taxation in your country.  
(b) How can the current taxation system in your country be improved.  
(c) What are the problems faced by tax authorities in your country?
11. (a) Distinguish between **incidence of a tax** and **impact of a tax**.  
(b) Explain the factors influencing the distribution of incidence of a tax in an economy.  
(c) Explain the incidence of a tax when supply is elastic and demand is
  - (i) Inelastic
  - (ii) Perfectly elastic
13. (a) Distinguish between **taxable capacity** and **taxable capacity** of a nation.  
(b) Explain the factors that limit the taxable capacity of a nation.  
(c) Why may countries charge taxes among citizens and their economic activities?
14. (a) What are the features of a good tax system?  
(b) Describe the major canons of taxation in your country.  
(c) Explain why it may be necessary to levy different forms of taxes in an economy.
15. (a) Distinguish between **direct** and **indirect taxes**.  
(b) Assess the impact of direct taxes in an economy.
16. (a) Distinguish between **tax evasion** and **tax avoidance**.  
(b) Assess the impact of indirect taxes on the economy of your country.



- (b) Account for deficit financing in economies of developing countries.
- (c) Why may the government rely more on debt financing than taxation financing?
28. (a) Explain the role of a national budget in your country.
- (b) Account for the persistent budget deficits in your country
29. (a) Define the term **government / national budget?**
- (b) Explain the objectives of a government budget.
- (c) What is the role of a national budget in your country?
30. (a) Differentiate between a **budget surplus** and a **deficit budget?**
- (b) Explain the importance of a national budget in an economy.
31. (a) Why may government plan for a deficit budget?
- (b) Suggest ways of financing a deficit budget in a country.
32. (a) Distinguish between **government re-current expenditure** and **government capital expenditure.**
- (b) Account for the persistent budget deficits in your country.
- c) What steps should be taken to minimize the budgetary deficits in your country.
33. (a) Distinguish between a **surplus budget** and a **deficit budget.**
- (b) Why do government draw a deficit budgets in developing countries.
- (b) Explain the significance of a government budget as a tool of economic policy.

#### PART FIFTEEN: INTERNATIONAL TRADE

1. (a) Distinguish between **bi-lateral trade** and **multi-lateral trade.**
- (b) Account for the rise or causes or basis of international trade among countries.
2. (a) What is meant by “**vent for surplus theory**” as used in international trade.
- (b) Assess the role of international trade in the development of your country.
3. (a) Distinguish between the **principle of absolute advantage** and the **principle of comparative cost advantage.**

- (b) To what extent is the comparative cost theory applicable to developing countries?
4. (a) Explain the **principle of comparative advantage**.  
(b) What are the conditions necessary for the success of comparative cost advantage theory of international trade.  
(b) Examine the limitations of comparative advantage principle as a basis of international trade.
5. (a) Distinguish between **beggar my neighbor policy** and a **commercial policy**.  
(b) Examine the merits and demerits of free trade in international market.  
(c) For what reasons do countries practice protectionism in foreign trade.
6. (a) Distinguish between **free trade** and **protected trade**.  
(b) “Protectionism rather than free trade should be adopted if countries are to benefit from international trade” Discuss
7. (a) Explain the different forms of protectionism in an economy.  
(b) Why do countries adopt protectionism in foreign trade?  
(c) Discuss the problems that may arise out of adopting protectionism policies among developing countries.
8. (a) Distinguish between **tariff** and **non-tariff barriers** as used in foreign.  
(b) Explain the forms of non-tariff barriers (NTB'S) used in foreign trade.  
(c) What are the adverse effects of protectionism in foreign trade?
9. (a) Distinguish between **protectionism** and **commercial policy**.  
(b) Explain the various instruments of a commercial policy in foreign trade.  
(c) Present the rationale for protectionism policies on foreign trade.
10. (a) Distinguish between dumping and smuggling  
(b) Explain the effects of dumping in a recipient country
11. (a) Distinguish between **barter terms of trade** and **income terms of trade**.  
(b) Account for the deteriorating terms of trade in developing countries.  
(c) Suggest measures that should be taken to correct unfavorable terms of trade in

- developing countries.
12. (a) Distinguish between **terms of trade** and **balance of trade**.  
(b) Account for poor terms of trade in economies of developing countries  
(c) Why have terms of trade tended to move against developing countries in favor of developed countries.
13. (a) What is meant by the term **balance of payments**?  
(b) Account for the persistent balance of payments deficit in your country.  
(c) Suggest measures that should be taken to solve balance of payments problem in developing countries.
14. Distinguish between  
(i) **balance of trade** and **balance of payments**.  
(ii) **accommodating items** and **autonomous items**.  
(b) Examine the causes of balance of payments disequilibrium in your country.
15. (a) Distinguish between **balance of payments surplus** and **balance of payments deficit**.  
b) Explain the causes of balance of payments surplus and deficit in foreign market.
16. (a) What is meant by **foreign exchange**?  
(b) Explain the factors which influence demand and supply of foreign currency.
17. (a) Distinguish between a **managed exchange rate** and **free exchange rate** in a money market.  
(b) Explain the factors which determine the exchange rate in a money market.
18. (a) Account for scarce of foreign exchange in developing countries  
(b) What measures has your government taken to conserve foreign exchange?
19. (a) Distinguish between a **floating exchange rate** and a **fixed exchange rate**.  
(b) Explain the merits and demerits of foreign exchange rate control in an economy.

20. (a) Distinguish between **foreign exchange rate** and **foreign exchange rate control**.  
(b) Present the rationale for foreign exchange rate control in an economy.  
(c) Examine the implications of foreign exchange rate control in an economy.
21. (a) Distinguish between **undervaluation** and **overvaluation** of a currency.  
(b) Explain the merits and demerits of pegged exchange rate system in an economy.
22. Distinguish between the following concepts:  
(a) **Dual and multiple exchange rate system**.  
(b) **Foreign exchange reserves and special drawing rights**  
(c) **Dirt float and clean float**.
23. (a) Distinguish between **devaluation of a currency** and **revaluation of a currency**.  
(b) For what reasons do countries adopt the policy of devaluation?  
(c) Explain the conditions necessary for the success of devaluation
24. (a) Distinguish between **devaluation of a currency** and **depreciation of a currency**.  
(b) Explain the implications of devaluation in an economy.
25. (a) Distinguish between **balance of trade** and **balance of payment**.  
(b) Why may the use of devaluation policy fail to solve the balance of payments problem?
26. (a) What is meant by **economic integration**?  
(b) Explain the necessary conditions for the success of economic integration.
27. (a) Explain between the following concepts.  
(i) **Preferential trade area** and **free trade area**.  
(ii) **Customs union** and **common market**.  
(b) Discuss the benefits of regional economic integration in developing countries.
28. (a) What is meant by **regional economic integration**?  
(b) Examine the effects of regional economic integration in developing countries.

29. (a) What are the features of **an economic union**?  
(b) Examine the factors that may encourage the formation of an economic union.  
(c) Explain the factors which limit economic integration among developing countries.
30. (a) Distinguish between **trade creation** and **trade diversion**.  
(b) Examine the implications of economic cooperation among developing countries.  
(c) What factors have undermined the achievement of regional economic integration in developing countries?

#### PART SIXTEEN: ECONOMIC DEVELOPMENT PLANNING

1. (a) What is meant by the term **economic development planning**?  
(b) Why should the country economic development planning?  
(c) Explain the measures that can be taken to improve implementation of economic development plans.
2. (a) What is meant by a **development plan**.  
(b) Describe the features of a good development plan.  
(c) Account for the failure by developing countries to effectively implement economic development plans.
3. (a) What are the principles of economic development planning?  
(b) Explain the factors undermining economic development planning in developing countries.
4. (a) To what extent is the failure of most plans in your country a result internal factor?  
(b) What steps should be taken by the government to ensure success of developing plans?
5. (a) Distinguish between **project planning** and **micro planning**.  
(b) Account for the existence of centralized planning in developing countries.

6. (a) Differentiate between **decentralized planning** and **centralized planning**.  
(b) Account for the existence of decentralized planning in developing countries.
7. (a) Why is it necessary to carry out development planning in developing countries?  
(b) Examine the problems encountered in the formulation of development plans in your country.
8. (a) Define the term "**Man power planning**"  
(b) Why is it necessary to under take man power planning in your country?  
(b) What factors limit man power planning in developing countries?
9. (a) Distinguish between **centralized planning** and **indicative planning**.  
(b) What are the factors that influence the effectiveness of economic development planning in developing countries?
10. (a) Distinguish between a **sectoral plan** and a **comprehensive plan**.  
(b) Explain the importance of economic development planning in an economy.
11. (a) Distinguish between **centralized planning** and **perspective planning**.  
(b) Account for the failure by developing countries to effectively implement economic development plans in developing countries.
12. (a) Define the term **perspective planning**?  
(b) Explain the challenges to economic development planning in developing countries.
13. (a) Distinguish between a **comprehensive plan** and a **partial plan**.  
(b) Explain the benefits of comprehensive planning in your country.
14. (a) Distinguish between **partial planning** and **decentralized planning**.  
(b) Why is decentralized planning necessary in the development of developing economies?
15. (a) What is meant by **centralized planning**?  
(b) Explain the rationale for centralized planning in an economy.

#### PART SEVENTEEN: PUBLIC AND PRIVATE SECTOR

1. (a) Justify the need for the government ownership of public enterprises in Uganda.  
(b) Explain the role of public enterprise in the development process of your country.  
(c) What are the challenges faced by the state enterprises in Uganda.
2. (a) What is meant by a **public corporation**?  
(b) Assess the role of public corporations in the development process of a country.
3. (a) Define the term **nationalization of enterprises**.  
(b) Examine the merits and demerits of nationalization of enterprises in an economy.
4. (a) What is meant by **nationalization of an industry**?  
(b) Explain why the above policy has not been encouraged by most developing countries.
5. (a) Assess the role of private sector in the development of Uganda.  
(b) What are the problems faced by the private sector in your country?
6. (a) Explain the characteristics of private sector.  
(b) Explain the role of private sector in the development of your country.  
(c) What policy measures should be undertaken to boost the private sector growth in Uganda.
7. (a) Distinguish between **private sector** and **public sector**  
(b) Why is it necessary to control the activities of the private sector in Uganda?  
(c) Suggest the ways of controlling the private sector in Uganda.
8. (a) What is meant by **privatization of public enterprises**?  
(b) Explain the ways through which public enterprises are privatized in an economy.  
(c) Why should the government sell-off its public enterprises?
9. (a) Distinguish between **privatization** and **nationalization** of enterprises.  
(b) Account for the privatization of public enterprises in your country.
10. (a) Account for the divestiture of public enterprises in your country.  
(b) What problems have been faced in the privatization of public enterprises?

11. “Developing countries should privatize public enterprises if they are to attain economic growth and development” Discuss.
12. (a) Distinguish between **privatization** and **nationalization** of enterprises.  
 (b) Assess the impact of privatization of public enterprises in your country.
13. (a) What is meant by **economic liberalization**?  
 (b) Examine the merits and demerits of economic liberalization in Uganda’s economy.
14. (a) Distinguish between **divestiture** and **trade liberalization**.  
 (b) Examine the economic implications of trade liberalization in economies of developing countries.
15. (a) What are **structural adjustment programs**?  
 (b) Explain the objectives of structural adjustment programs in economies of developing countries.  
 (c) What are the structural adjustment programs that your country has adopted?
16. (a) Examine the role of the government in the development of an economy.  
 (b) Explain the factors that undermine the government from achieving the above role.  
 (c) Assess the policy instruments of structural adjustment programs that have been implemented by IMF and World Bank in economies of developing World.

## **MATHEMATICAL CALCULATIONS IN ECONOMICS**

### **1. PRICE THEORY**

1. Given that Quantity supplied = $100+5P$ , Quantity demanded = $500 - 3P$  You are required to:  
 (a) Determine the equilibrium price  
 (b) Determine the equilibrium quantity.
2. Given that Quantity supplied =  $100 + 12p$ , Quantity demanded =  $500$ . You are required to:  
 (a) Find the equilibrium price  
 (b) Find the equilibrium quantity
3. Given information in the table below, study it and answer the questions that follow.

Price consumers are willing to pay (SHS)	Units purchased
650	1
600	2
550	3
500	4
450	5
400	6

- (a) what is meant by **consumer surplus**?
- (b) Calculate **consumer's surplus** when 4 units of the commodity are purchased at shs.500.
4. (a) Distinguish between **consumer's surplus** and **producer's surplus**.

Given the information in the table below, study it and answer the questions that follow.

Price in ug shs	4,500	4,000	3,500	3,000	2,500	2,000
Quantity demanded	1	2	3	4	5	6

- (b) Calculate the **consumer's surplus** if the market price is shs.3000
- (c) What would happen to consumer's surplus if the price is increased by shs.1000?
5. Given the information in the table below answer the questions that follow.

Price in ug. Shs	1000	2000	3000	4000	5000	6000
Quantity demanded	1	2	3	4	5	6

- (a) Assuming that the market price is shs.4000, Calculate the **producer's surplus**.
6. (a) Distinguish between **producer's surplus** and **consumer's surplus**.
- (b) Given that the market price of a commodity is shs.65, 000. Calculate the producer's surplus in the table below.

Price in ug. Shs	3000	3,500	4,000	4,500	5,000	5,500	6,000	6,500
Quantity demanded	1	2	3	4	5	6	7	8

7. Given that the price of a commodity increased from shs.2000 to shs.2500 and quantity demanded of the commodity decreased from 400 to 200Kgs.
- (a) Calculate the **price elasticity of demand**.
- (b) State the nature of price elasticity of demand, and give reason for your answer.

8. Given that the price of a commodity increased from shs.600 to shs.1200, and quantity demanded for commodity A reduced from 20 to 15Kgs.
- Calculate the **price elasticity of demand**.
  - With a reason state the nature of price elasticity of demand.
9. When the price of sugar increased from shs.2500 to shs.4500 in February 2018, quantity demanded decreased by 25%.
- Calculate the **price elasticity of demand**.
  - State the nature of price elasticity of demand, and give reason for your answer.
10. (a) Distinguish between **point elasticity** and **arc elasticity** of demand.
- (b) Assuming the price of the commodity increases from shs.700 to shs.1500, and this resulted into a decrease in quantity demanded from 50 to 40Kgs. Calculate the **Arc elasticity of demand**.
11. Given that Dauson's income increased from shs.20, 000 to shs.40, 000 and quantity demanded of a commodity Y decreased from 60 to 30 units.
- Calculate the **income elasticity of demand**.
  - State with a reason, the nature of commodity Y.
12. Given that individual's income increased from shs.50, 000 to shs.80, 000 per month and this led to an increase in demand for a commodity by 10%.
- Calculate the **relevant elasticity of demand**.
  - State the nature of the commodity and give a reason for your answer.
13. Given that the price of a commodity X decreased from shs.120, 000 to shs.100, 000, while quantity demanded of a commodity Y increased from 300,000 to 500,000tonnes.
- Calculate the **Cross elasticity of demand**.
  - State the relationship between commodities X and Y.
14. Given that an increase in the price of commodity P from shs.1600 to 1800 resulted into a change in quantity demanded for commodity Q from 620units to 580 units
- Calculate the **cross elasticity of demand**.
  - How are commodities X and Y related? Give a reason for your answer.

15. (a) Calculate the **cross elasticity of demand** if the price of the commodity X falls from shs.2,000,000 to shs1,600,000 per unit and quantity demanded of commodity Y increases from 40,000 units to 60, 000units.
- (b) State the relationship between commodities X and Y
16. Given that the price of commodity A decreased from shs16, 000 to shs.12, 000 and quantity demanded of a related commodity B increased from 200,000 to 600,000 units.
- (a) Calculate the **cross elasticity of demand** for commodity A and B.
- (b) How are commodities A and B related? Show a reason for your answer.
17. a) Distinguish between **cross elasticity of demand** and **income elasticity of demand**.
- (b) (i) Calculate the **relevant elasticity of demand** if the price of commodity K falls from shs.750,000 to 450,000 per unit and as a result quantity demanded of commodity Z increases from 4000 units to 9000 units.
- (ii) State with a reason, the relationship between commodities K and Z
18. Given the information in the table below, use it to answer the questions that follow.
- | Year | Price of bread | Quantity demanded of butter |
|------|----------------|-----------------------------|
| 2008 | 2,600          | 500,000                     |
| 2018 | 4,800          | 300,000                     |
- (a) Calculate the **relevant elasticity of demand** for the two commodities (bread and butter).
- (b) How are commodities bread and butter related?
19. Given that the price of a commodity increased from shs.700 to shs.1500, and this resulted into an increase in quantity supplied from 500 to 800 units.
- (a) Calculate **the price elasticity of supply**.
- (b) State with reason, that nature of price elasticity of supply.
20. Study the supply schedule below and answer the questions that follow.
- |                        | A  | B   | C   | D   |
|------------------------|----|-----|-----|-----|
| Price of commodity X   | 60 | 120 | 180 | 240 |
| Quantity supplied of X | 10 | 20  | 30  | 40  |

- (a) Draw a supply curve using the information in the schedule.
- (b) Calculate the price elasticity of supply for commodity X from point A to D
21. Given the schedule below
- | Time period       | A   | B   | C   | D  |
|-------------------|-----|-----|-----|----|
|                   | 10  | 20  | 30  | 40 |
| Qty demanded of Y | 200 | 150 | 100 | 50 |
- (a) Calculate the relevant elasticity of demand between period A and C
- (b) What is the relationship between Y and Z?
22. The price of salt increased from shs.600 to shs.1200 per kg and quantity supplied of salt in the market increased from 2000 tons to 5000tons.
- (a) Calculate the **price elasticity of supply** of salt.
- (b) Giving a reason, state whether supply is elastic or inelastic.
23. Given that the price of beef increased from shs.100 to shs.200, while quantity supplied of hides increased from 300 to 400Kgs per day.
- (a) Calculate the **Cross Elasticity of supply**.
- (b) State with a reason, the relationship between commodities.
24. (a) State the **law of diminishing marginal utility**
- (b) Study the table below, calculate the marginal utilities of grapes.

Units of grapes	Total utility	Marginal utility
0	0	
1	20	
2	35	
3	45	
4	50	
5	50	
6	45	
7	42	

## 2. PRODUCTION THEORY

1. (a) Distinguish between **Average product** and **marginal product**.
- (b) Study the table below and answer the questions that follow

Fixed factor	Variable factor	Total product	Average product	Marginal product
2	1	8		
2	2	20		
2	3	36		
2	4	48		
2	5	55		
2	6	60		
2	7	60		
2	8	56		
2	9	45		

- (a) Determine the values of **average product** of a firm.
- (b) Determine the value of **marginal product** of a firm.
2. (a) State the **law of variable proportions**.
- (b) Given the table below answer the questions that follow
- | Fixed factor(land) | Variable factor (labour) | Total product |
|--------------------|--------------------------|---------------|
| 1acre              | 0                        | 0             |
| 1                  | 1                        | 8             |
| 1                  | 2                        | 24            |
| 1                  | 3                        | 54            |
| 1                  | 4                        | 82            |
| 1                  | 5                        | 95            |
| 1                  | 6                        | 100           |
| 1                  | 7                        | 100           |
| 1                  | 8                        | 95            |
- (i) Find average product for all units of a variable factor.
- (ii) Find marginal product for all units of a variable factor.
3. Given the table below answer the questions that follow.

Output	Total cost
0	600
3	1650
4	1860
5	2100
6	2400
7	2800
8	3400

9	4300
10	5800

- (a) What is the average fixed cost when output is 10?
- (b) What is the average variable cost when output is 4?
- (c) What level of output represents the break-down point of a firm?
- (d) What level of output represents the shut –down point of a firm?
- (e) If marginal revenue is constant at 600 per unit of output, what would be the equilibrium output of the firm?
- (f) Explain reasons why firms of varying size may exist in the same industry.

**4. Study the table below and answer the questions that follow**

<b>Output (kgs)</b>	0	14	15	19	20
<b>Total cost (\$)</b>	600	2480	2640	3400	5800

- (a) What is the average fixed cost when output is 15kgs?
- (b) Calculate the average variable cost when output is 20kgs?

**5. Given the table below. Study it clearly and answer the questions that follow;**

<b>Output</b>	<b>Total cost</b>
0	400
1	700
2	1000
3	1200
4	1400
5	1700
6	2000
7	2400
8	3000

- (a) Find values of FC, VC, AFC, AVC, AC & MC at all units of output.
- (b) Determine the optimum level of output of a firm. Give reason for your answer.
- (c) Determine the levels of output where a firm experience decreasing returns to scale. Give reasons for your answer.

**6. Study the table below and answer the questions that follow,**

<b>Out put</b>	<b>Total cost</b>	<b>Total revenue</b>
0	750	0
1	1350	425

2	1750	850
3	1875	1275
4	2000	1700
5	2250	2125
6	2550	2550
7	2975	2975
8	3500	3400
9	4125	3400
10	5750	4250

- (a) Determine the **equilibrium level of output**.
- (b) Find the **optimum level of output**.
- (c) Find the **break-even point** of the firm.
- (d) Giving a clear reason, state the nature of market structure whose figures are shown in the table above.
7. (a) Distinguish between **normal profits** and **supernormal profits**.
- (b) Using the table below, find the profit level when 6 and 10 kilograms of output are sold.

Quantity (kg)	Average revenue	Average cost
3	300	150
6	300	200
10	300	280

8. Study the table below showing the information on costs and revenue answer the questions that follow.

Output	Total cost	Total revenue
0	1100	0
1	1400	500
2	1620	1000
3	1750	1500
4	1800	2000
5	1850	2500
6	1940	3000
7	2100	3500
8	2600	4000
9	3250	4500

- (a) State whether the firm is under perfect or imperfect competition.

- (b) What are the **fixed costs** at all units of out-put.
  - (c) What are the **variable costs** for the first three units of output.
  - (d) Find the **Marginal revenue** of the firm
  - (e) Determine the **equilibrium level of out-put** for the above firm.
9. Given that labour receives transfer earning of shs.150, 000, and his economic rent is twice the transfer earning. Calculate **labor's actual remuneration**.
10. (a) Distinguish between **total revenue** and **average revenue**.
- (b) Prove that average revenue is the same as price.
11. Given that a factor of production receives actual earnings of SHS 300,00 and its economic rent is  $\frac{1}{4}$  of the actual earnings. Calculate the **factor's transfer earnings**.
12. (a) What is meant by **Marginal cost**?
- (b) Given that an increase in the firm's out-put from 15,000 units to 16,250 units resulted into a change in total cost
- (c) Study the table below and answer the questions that follow (use a table for your answers)

Output (boxes)	Total cost (dollars)
0	2000
1	3200
2	4000
3	4600
4	5000
5	5250
6	6000
7	7000

- (i) calculate Marginal cost at all units of output.
- (ii) Determine average variable cost of firm at all units of output
- (iii) What are average fixed costs of a firm at all levels of output.
- (iv) If marginal revenue of \$750, what is the equilibrium output of a firm (explain your answer)
- (v) Explain why the average cost curve is U-shaped in short and long runs

### 3. NATIONAL INCOME, POPULATION AND TAXATION

1. Given GDP of a country is SHS. 670 million, GNP is SHS.715 million and NNP is SHS. 650 million. (a) Calculate the **value of depreciation**.  
(b) State the limitations of determining depreciation in your country.
2. Given that a country's stock of machinery is valued at shs.100 billion at the beginning of the year; the total output from the machinery during the year was shs.500 billion; depreciation cost during the year were 20%. You are required to:  
(a) Calculate the **value of depreciation**.  
(b) **Net output during the year**.
3. Given that:  $GDP_{market\ price} = £500$  million, Outlays = £50 million, Subsidies =£25 million, Capital consumption allowance = £15 million and Net income from abroad = £125 million.  
(a) Calculate the **GNP<sub>factor cost</sub>**.  
(b) Calculate **NNP<sub>factor cost</sub>**.
4. Given that GNP is \$ 40 billion dollars and net factor earnings from abroad is 20% of the GNP.  
(a) Calculate the amount of **net factor earnings**.  
(b) Calculate the **gross domestic product**.
5. (a) What is meant by **GDP at market price**?  
(b) Given net domestic product at factor cost, what adjustments do you make to get gross domestic product at market price?  
(c) Given GDP at market price and Net Incomes from abroad. What adjustments in national income can be made to obtain GNP at market price?
6. (a) Differentiate between **gross national product** and **gross domestic product**.  
(b) Given that GDP at market price is \$600 billion, indirect taxes amount to \$55 billion and subsidies are \$200 billion. Calculate **GDP at factor cost**.
7. (a) Differentiate between **nominal gross domestic** and **real gross domestic product**.  
(b) Given that a country's GDP is shs.450 billion, net income from abroad is shs.50 billion and depreciation is shs.20 billion: Calculate the **Net National Product (NNP)**.
8. (a) Distinguish between **gross domestic product** and **net domestic product**.

- (b) Given that GDP <sub>factor cost</sub> for country Y is €300 billion, indirect taxes is €100 billion, subsidies is €150 billion: Calculate the country's GDP <sub>market price</sub>.
9. Given that GDP <sub>factor cost</sub> = 2000 million shillings, Net incomes from abroad = 500 million shillings, Depreciation = 50 million shillings: Calculate the **Net National Product (NNP)**.
10. Given that GDP factor cost = 500 million shillings, Depreciation = 60 million shillings, Net Incomes from Abroad = 400 million shillings, outlays = 150 million shillings, Subsidies = 50 million shillings. Calculate the **NNP at market price**.
11. Given that GDP market price = €500 million, Outlays = €50 million, Subsidies = €25 million, Capital consumption allowance = €15 million, Net income from abroad = €125 million.
- Calculate **Gross National Product at factor cost**.
  - Calculate **Net National Product at factor cost**.
12. Study the table below showing the population and GNP of countries A and B, and answer the questions that follow.
- | Country | GDP (millions) | Population (million persons) |
|---------|----------------|------------------------------|
| A       | 1200           | 20                           |
| B       | 750            | 15                           |
- (a) What is meant by **per capita income**?
- (b) Calculate the **per capita income** of countries **A** and **B**
13. Given that: National income increased from \$100 million in period A to \$300 million in period B, Population increased from 20 million in period A to 90 million people in period B. You are required to calculate the **change in per capita income**.
14. Study the table below showing country's price indices, and answer the questions that follow.

Commodity in kgs/ltrs	Average price in 2000	Simple price index in 2000	Average price in 2004	Simple price index of 2004	Weight	Weighted index
Sugar	1000	100	1200		2	
Salt	800	100	1000		4	
Maize	400	100	650		3	
Meat	750	100	900		5	

Fuel	1500	100	1800		1	
				$\Sigma PR =$	$\Sigma W = 15$	$\Sigma WI =$

You are required to: (a) Calculate the **simple price index** for 2004

- (b) Calculate the **weighted index** 2004
- (c) Calculate the **average weighted index** 2004
- (d) Calculate the **average price relative / average simple index** for 2004
- (e) What is the implication of the above result?

15. (a) Distinguish between **multiplier** and **accelerator principle**.
- (b) Assuming that an increase in consumption expenditure is shs.10 million; and this leads to an increase in the level of investment of shs.30 million. Required calculate the **accelerator principle** and the size of the **multiplier** if **MPC=0.75**.
16. (a) Distinguish between **average propensity to consume** and **marginal propensity to consume**.
- (b) Given that a country's total income is shs.60, 000 billion and total consumption is shs.48, 000 billion: Calculate its **average propensity to consume**.
17. Given that country's GDP at factor cost is \$760 billion, country's outlays are \$120 billion and subsidies are worth \$70 billion. Calculate the;
- (a) Value of **net factor incomes** from abroad.
  - (b) **GNP at market price**
18. (a) Distinguish between **Marginal propensity to consume (MPC)** and **Marginal Propensity to Save (MPS)**.
- (b) Given that the country's level of national income is SHS 400 billion and the change in investment expenditure is SHS. 20 billion when MPS is 0.4. calculate the;
  - (i) country's **multiplier magnitude**.
  - (ii) country's **final level of national income**.

19. Study the table below and answer the questions that follow;

Time period	Change in income	Change in consumption MPC=80%	Change in savings MPS=20%
A	500 million	400 million	100 million

B			
C			
D			

Given that MPC = 80%, and change in income is 500 million shillings. You are required to;

- (a) Calculate the change in the **level of income, consumption** and **savings** for period B, C and D, (show your working)
  - (b) Calculate the multiplier when MPC = 80% c) Calculate the overall change in the level of income in the economy.
20. Given that the current GDP is shs.300 million; the increase in national investment is shs.50 million, and MPS is 0.2. Calculate the **final level of national income**.
21. Given that GDP increased from \$100 billion to 300 million, and the value of imports increased from \$25 to \$ 75 million. Calculate the **Marginal propensity to import**.
22. (a) Distinguish between **investment multiplier** and **Consumption multiplier**.
- (b) Given that the marginal propensity to consume in an economy is 0.75 and there is a change in the level of investment of shs.50 million. You are required to:
- (i) Calculate the **investment multiplier**.
  - (ii) Calculate the **final change in income** in the economy.
23. (a) Define the term **Marginal Propensity to Save**.
- (b) Given that the current GDP is shs.600 million; the increase in national investment is shs.75 million and MPS is 0.2. Calculate the **final level of national income**.
24. Given that a country's national income is shs.100 million, the MPC is 0.6. Calculate the country's **final level of national income**.
25. Given that the current level of national income is Shs200 million, MPC= 40% and change in investment is Shs.50 million. Calculate the **final level of national income**.
26. (a) Distinguish between **Nominal Gross Domestic Product** and **Real Gross Domestic Product**.
- (b) Given that a country's GDP is shs.400 billion, net income from abroad is Shs.40 billion and depreciation is shs.20 billion. Calculate the **Net National Product**.
27. Given that the marginal propensity to consume in a two-sector economy is 80%, initial investment is shs.20,000,000 million, initial equilibrium level of income is

Shs.80,000,000 million and if investment is increased by Shs.5000 million.

- (a) Calculate the **multiplier value**.
- (b) Calculate the **new equilibrium level of income**.
28. (a) Distinguish between **national income at market price** and **national income at factor cost**.
- (b) Given that the gross national income is Shs.275, 000,000 million and net income from a broad is Shs.15, 000,000 million. Calculate the **gross national income**.
29. Given that the working population in a country is 12,000,000; the young population is 14,000,000 and the elderly population if 4,000,000. Calculate the country's **dependence ratio**.
30. A multi citizen man lived in three countries and each country operated a system of personal income tax. The table below shows the amount of tax he would have had to pay at different levels of income in three countries. **Study it and answer the Questions that follow.**

Income levels	Amount of tax paid in each country		
	Country A	Country B	Country C
16,000	1,600	1,200	1,200
18,000	1,800	1,400	1,200
20,000	2,000	1,600	1,200

- (a) Calculate the average rate of taxation for countries A and B at the income level of Uganda shillings 18,000.
- (b) Explain the effects of the tax imposed in country C.

#### 4. MONEY AND BANKING

1. a) What is meant by the term credit multiplier?
- b) Given that the initial deposit in a bank is 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.
2. a) What is meant by bank multiplier?
- b) Calculate the total credit created given that initial bank deposit is Uganda shillings 1,000,000 and cash ratio is 0.001
3. a) Distinguish between credit creation and credit multiplier.
- b) Assuming that initial deposit is 2,250,000 and cash ratio is 20%. Calculate the final

value of deposits created.

4.
  - a) Distinguish between cash ratio and liquidity ratio.
  - b) Given cash ratio of 0.2 and total credit created is shs. 250billion, calculate the initial deposit.
5. Given that Standard Chartered bank has initial deposit of \$100,000 and cash ratio required is 30%. You are required to:
  - a) Calculate the money multiplier
  - b) Find the total deposits created in the multi bank's system
6.
  - a) Given a cash ratio of S0.2 and the total deposit created is Uganda shs.200, 000,000; calculate the initial deposit that was available to the bank.
  - b) Explain the factors that influence the process of credit creation in an economy.
7. Given a cash ratio of 0.1 and the initial deposit of 250,000 shillings.

Determine the:

  - (a) **Credit multiplier**
  - (b) **Total credit created**
8. Given that a microfinance institution has initial deposit shs.1, 000,000 and cash ratio required is 25%. You are required to:
  - (a) Calculate the **credit multiplier**.
  - (b) Total deposits that will be created in a multibank system.
9. Given that bank A had initial deposits of shs.10, 000 and the required cash ratio was 20%.
  - (a) Explain how the bank will create more credit in a multi-bank system.
  - (b) Examine the factors limiting credit creation process in your country.
10.
  - (a) Given that the quantity of money in circulation in an economy is \$1,000,000, velocity of circulation is 20 and the number of transactions made are 250. Calculate the general price level in the economy.
  - (b) Explain the limitations of Irving Fisher's quantity theory of money.
11.
  - (a) Explain the **Irving Fisher's Quantity Theory of money**.

- (b) Given that the amount of money in circulation is 100 million shillings, velocity of circulation is 100 and the level of transactions is 20, calculate the **general price level**.
- (c) Given that in a country the general price level is shs.1,600 million dollars, the level of transactions is 200 and the velocity of circulation is 20 times. Calculate the **value of money in circulation**.

## 5. INTERNATIONAL TRADE

- Given that 95 is a country's export unit value index and 110 as its import value index. Calculate the **terms of trade** of such a country and comment on the country's state of the terms of trade.
- (a) Distinguish between **balance of payment** and **terms of trade**.  
 (b) study the table below and answer the questions that follow.

Year	2001	2002	2003	2004	2005
Price index of exports	500	500	600	800	1000
Price index of imports	500	400	300	200	100

Calculate the **terms of trade** for the years 2001, 2002, 2003, 2004 and 2005.

- (a) Distinguish between **barter terms of trade** and income terms of trade  
 (b) Given the table below.

Year	Export price index	Import price index	Quantity of exports
2000	100	100	120
2001	142	108	125
2002	120	114	140
2003	128	132	200
2004	154	173	250

Calculate the **income terms of trade** in the foreign market

- Study the table below showing the terms of trade for country X and answer questions that follow.

Year	Export price index	Import price index	Terms of trade
1990	100	100	
1991	142	108	
1992	120	114	
1993	128	132	
1994	154	173	

(a) Calculate the **terms of trade** for the years 1990-1994

(b) Did country X experience favorable or unfavorable terms of trade in 1993? Give reason for your answer

5. Given the table below showing output levels of two countries, two commodities produced using same units of labour. Answer the questions that follow

Country	Commodities	
	Guns	Transformers
USA	1200	1800
North Korea	300	900

- (a) (i) What principle of international trade is considered in the above table.  
(ii) Calculate the opportunity cost of producing each commodity in each country.  
(iii) What are the interpretations of the figures got in b(ii) above.
- (b) In which commodity should each country specialize?

6. Study the table below and answer the questions that follow

Country	Commodities	
	Maize (tons)	Sugar (tons)
Uganda	15,000	5,000
Kenya	20,000	15,000

- (a) Calculate the **opportunity cost** of producing each commodity in each country  
(b) In which commodity should Kenya specialize? Illustrate your answer.

7. Study the table below and answer questions that follow:

Country	Commodities	
	Generators	Coffee
Japan	400	600
Brazil	100	300

- (a) State the country with **absolute advantage** in production of both commodities.  
(b) Calculate the **opportunity cost** of producing each commodity in each country.  
(c) In which commodity should each country specialize?

8. (a) What is meant by the term **devaluation**?  
(b) Given that the exchange rate is £1 = 2500 Uganda shillings; calculate the new exchange rate after devaluation of the shilling by 20%
9. (a) Distinguish between **devaluation** and **depreciation of currency**.  
(b) Given that the exchange rate is \$1 = 3500 Uganda shillings. Calculate the new exchange rate after devaluation of the shillings 30%.

- (c) Outline the effects of currency depreciation.
10. (a) Distinguish between **revaluation** and **devaluation of a currency**.
- (b) Given that £1 = 1690 Uganda shillings. Calculate the new exchange rate when Uganda's currency is revalued by 30%.
- (c) Assuming that £1 is exchanged for SHS 4800 and the Uganda shilling appreciates by 15%. What is the new exchange rate?