

P220/2
ECONOMICS
Paper 2
July / Aug. 2024
3 hours



UGANDA TEACHERS' EDUCATION CONSULT (UTEC)

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

*Answer **FIVE** questions.*

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

*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 answered will not be marked

SECTION A (40 MARKS)

Attempt **ALL** questions in this question

1. (a) (i) What is meant by the term price? (01mark)
(ii) Mention three methods of price determination used in Uganda. (03marks)
- (b) (i) Distinguish between excess capacity and over production. (02marks)
(ii) Mention two causes of excess capacity in Uganda. (02marks)
- (c) (i) Distinguish between Gross Domestic Product at factor cost and Gross Domestic Product at market price. (02marks)
(ii) Given that Gross Domestic Product at market price is shs.500 billion, indirect taxes amount to shs.155 billion and subsidies are shs.200 billion, calculate Gross Domestic product at factor cost. (02marks)
- (d) Mention four development goals of Uganda. (04marks)
- (e) (i) Define the term monetary policy. (01mark)
(ii) Mention three tools of the monetary policy. (03marks)

SECTION B (80 MARKS)

2. (a) Distinguish between change in demand and change in quantity demanded. (04marks)
(b) Account for change in demand for a commodity. (16marks)
3. (a) Distinguish between Economic dependence and Economic inter-dependence. (04marks)
(b) Why is there need to reduce economic dependence in Uganda? (16marks)
4. "Uganda should adopt protectionism rather than free trade if she is to benefit from international trade." Discuss. (20marks)
5. (a) Account for privatization of public enterprises in Uganda. (10marks)
(b) What problems have been faced in the process of privatizing public enterprises in Uganda? (10marks)

6. (a) Distinguish between banking financial intermediaries and non-banking financial intermediaries. (04marks)
- (b) Explain the functions of banking financial intermediaries in Uganda. (16marks)
7. (a) Write the following in full in relation to taxation;
- (i) VAT (01mark)
- (ii) PAYE (01mark)
- (b) The following information was obtained from the records of employees in Kaliro Furniture Workshop for the month of May 2023.

Name of Employee	Basic Salary (Shs)	Medical Allowances (shs)	Housing Allowances (shs)
Adit Sonia	80,000	50,000	50,000
Bogere Musa	180,000	50,000	50,000
Chande John	240,000	80,000	80,000
Dramari Cox	320,000	320,000	180,000

Table of Income Tax Rates:

Income Bracket	Tax Rate
Not exceeding shs. 235,000	Nil
Exceeding shs.235,000 but not exceeding shs.335,000	10% of the amount by which chargeable income exceeds shs.235,000
Exceeding shs.335,000 but not exceeding shs.410,000	Shs. 10,000 + 20% of the amount by which chargeable income exceeds shs. 335,000
Exceeding shs.410,000 but not exceeding shs.10,000,000	Shs. 25,000 + 30% of the amount by which chargeable income exceeds shs. 410,000 but less than shs. 10,000,000

Required:

Using the income tax table above, calculate for each of the employees;

- (i) Gross income (04marks)
- (ii) Taxable income (07marks)
- (iii) Tax payable to Uganda Revenue Authority (07marks)

END