



ACEITEKA JOINT MOCK EXAMINATIONS 2023

UGANDA ADVANCED CERTIFICATE OF EDUCATION

P220/2: ECONOMICS PAPER 2.

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

- (i) Answer **five** questions only.
- (ii) Section A is compulsory. Answers to this section should be concise
- (iii) Answer only **four** questions from section B.
- (iv) All questions in **Section B** carry equal marks.
- (v) Any additional question(s) answered will **not** be answered.

SECTION A: (20 MARKS)

Answer *all parts* in this Section.

1. (a) (i) What is meant by the term **Product Transformation Curve**? (01 mark)
(ii) Give any **three** factors that limit the outward shift of the Product Transformation Curve. (03 marks)
- (b). (i) Define **Resale price maintenance**. (01 mark)
(ii) State any **three** merits of Resale price maintenance in Uganda. (03 marks)
- (c) (i) Define the term **Marginal Propensity to Save**. (01 mark)
(ii) In an economy, MPS is 0.25 and the change in savings is shs 140 billion. Calculate the change in income. (03 marks)
- (d) (i) What is meant by a **minimum wage**? (01 mark)
(ii) Outline any **three** methods of determining wages in an economy. (03 marks)
- (e) (i) Define **economic development planning**. (01 mark)
(ii) Suggest any **three** measures which can be adopted to improve economic development planning in Uganda. (03 marks)

SECTION B: (80 MARKS)

Answer only Four questions in this Section.

2. (a) Distinguish between Nominal GDP and Real GDP. (04 marks)
(b) Examine the factors that influence Gross Domestic Product in Uganda. (16 marks)
3. (a) Differentiate between economic growth and economic development. (04 marks)
(b) Assess the implications of economic growth in Uganda. (16 marks)
- 4 (a) Describe the features of an Oligopolistic market. (06 marks)
(b) Discuss the methods which are used by Oligopoly firms in Uganda to increase sales. (14 marks)
5. (a) Explain the adverse effects of income inequality in Uganda. (06 marks)
(b) Explain the steps which have been taken to minimize income inequality in Uganda. (14 marks)
6. (a). Explain the impact of hyper- inflation in an economy. (10 marks)
(b). Discuss the measures being taken to control inflation in Uganda. (10 marks)
7. (a) Write the following abbreviations in full in relation to taxation:
(i) VAT (ii) PAYE (02 marks)
(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 (in shs)	Allowances	
		Medical (in shs)	Housing (in shs)
Aditi 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	150,000	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% by which chargeable income exceeds shs 235,000.
Exceeding shs 335,000 but not exceeding shs 410,000	Shs 10,000 + 20% by which chargeable income exceeds shs 335,000
Exceeding shs 410,000 but not exceeding shs 10,000,000	Shs 25,000 + 30% 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. *(04 marks)*
- (ii) Taxable income *(07 marks)*
- (iii) Tax payable to Uganda Revenue Authority. *(07 marks)*

END