

## S.6 Economics Questions |

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### INTRODUCTION AND PRICE THEORY

#### SECTION A

1. (a) Define the term economics (1mks)  
(b) Identify the fundamental economic principles of economics (3 mks)
2. (a) Define the term 'wants' (1 mk)  
(b) Outline any three traits of human wants. (3 mks)
3. (a) Define the term 'opportunity cost' (1 mk)  
(b) How important is the concept of opportunity cost in economics (3 mks)
4. (a) Distinguish between scarcity and choice as used in economics (2 mks)  
(b) What is the relationship between scarcity, choice and opportunity cost? (2 mks)
5. (a) What is meant by a transformation curve? (2 mks)  
(b) Mention any two factors that may cause a transformation curve to shift outwards (2 mks)
6. (a) Differentiate between public goods and merit goods (2 mks)  
(b) State any two examples of merit goods in your country (2 mks)
7. (a) Distinguish between consumer goods and capital goods (2 mks)  
(b) State any two examples of capital goods in your country (2 mks)
8. (a) What is meant by an economic good? (1 mk)  
(b) State any three reasons why education is regarded as an economic good (3 mks)
9. (a) Define the term 'wealth' as used in economics (1 mk)  
(b) Give three characteristics of wealth (3 mks)
10. (a) What is meant by a laissez-faire economy? (2 mks)  
(b) State any two demerits of a laissez-faire economy. (2 mks)
11. (a) What is a mixed economy (1 mk)  
(b) What features justify Uganda as a mixed economy? (3mks)
12. (a) What is meant by the term price? (1 mk)  
(b) State any three uses of price in an economy (3 mks)
13. Mention 4 ways of determining prices of commodities in your country.
14. (a) Distinguish between market price and reserve price (2 mks) (b) Give two determinants of reserve price in an economy (2 mks)
15. Define the following terms:
  - (a) Market clearing price (1 mk)
  - (b) Normal price (1 mk)
  - (c) Resale price maintenance (1 mk)

16. State any four reasons why a consumer buys less of a commodity when its price falls (4 mks)
17. (a) What is meant by aggregate demand? (1 mk)  
(b) Mention any three components of aggregate demand in an open economy (3 mks)
18. (a) Differentiate between change in demand and change in quantity demanded (2 mks)  
(b) State two factors that lead to a change in demand for a commodity (2 mks)
19. Briefly explain the following concepts as used in economics:  
(a) Joint demand (2 mks) (b)  
Competitive demand (2 mks)
20. Distinguish between:  
(a) consumer's surplus and producer's surplus  
(b) Consumer's sovereignty and producer's sovereignty
21. Suppose the price of a commodity remained constant, state four reasons that can account for a decrease in supply (2 mks)
22. Commodities P and Q have complimentary demand. with use of an illustration briefly explain how an increase in the price for commodity P will affect the quantity demanded for commodity Q (4 mks)
23. Mention any four circumstances where the concept of price elasticity of demand is being applied in your country (4 mks)
24. (a) What is meant by the term price elasticity of demand? (1 mk)  
(b) Mention any three factors which determine the elasticity of demand for a commodity (3 mks)
25. The cross elasticity of demand between two commodities x and y is 2. An increase in the price of y to sh.1000 caused an increase in demand for commodity x from 10 kg to 20 kg.  
(a) Determine the original price  
(b) Identify the relationship between the two commodities x and y (1 mk)  
(c) State the degree of elasticity of demand in the above question (1 mk)
26. What is the importance of price elasticity of demand to a producer? (4 mks)
27. (a) Explain why the price elasticity of demand is always negative (2 mks)  
(b) What is the relevancy of price elasticity of demand to the government? (2 mks)
28. (a) Define the term 'income elasticity of demand' (1 mk)  
(b) Given that an individual's income increased from sh.100, 000 to sh.160,000 per month and this led to an increase in the demand for a commodity by 10%. Calculate the income elasticity of demand (3 mks)
29. Given that an individual's income increased from sh.5,000 to sh.15,000 per month and this resulted into a change in demand for commodity A by -30%. (a) Calculate the income elasticity of demand for commodity A (2 mks)  
(b) What type of commodity is A? Give a reason for your answer (2 mks)

30. (a) calculate the cross elasticity of demand if the price of a commodity Y falls from ug sh.200,000 to ug sh.160,000 per unit and the quantity demanded of commodity Z increases from 20,000 to 30,000 units (3 mks)  
 (b) State the relationship between commodities Y and Z (1mk)
31. (a)If the price of a given commodity increases from sh.20,000 to sh.22,000 and this results into an increase in the quantity supplied of that commodity from 50kg to 60 kg; calculate the price elasticity of supply. (3 mks)  
 (b) State the degree of elasticity of supply( 1mk)
32. Mention any four reasons for your government’s interference with the operation of price mechanism (4 mks)
33. (a) Define the term consumer sovereignty (1 mk)  
 (b)State any three limitations to consumer sovereignty in your country (3 mks)
34. Explain the meaning of the following terms:  
 (a) Marginal utility of income (2 mks)  
 (b) Marginal rate of substitution (2 mks)
35. (a) Distinguish between minimum price and minimum price legislation (2 mks)  
 (b) State any two negative effects of minimum price legislation in an economy (2 mks)
36. Distinguish between buffer stock and stabilization fund policies as used in economics ( 4 mks)

**SCETION B**

1. (a) Distinguish between a free enterprise and a command economy (4 mks)  
 (b) What are the arguments for and against a free enterprise economy? (16 mks)
2. (a) Distinguish between individual demand and market demand (4 mks)  
 (b) Explain the factors that determine the quantity demanded of a commodity in an economy (16 mks)
3. (a) Distinguish between increase in demand and increase in quantity demanded (4 mks)  
 (b) Explain the factors that lead to a decrease in demand for commodities in your country (16 mks)
4. (a) Explain the concept ‘regressive demand curve’ (4 mks)  
 (b) Under what circumstances may the demand curve be regressive?(16 mks)
5. (a) Distinguish between competitive supply and joint supply (4 mks) (b) Explain the factors that influence the elasticity of supply (16 mks)
6. Study the table below and answer questions that follow:

	A	B	C	D
Price of wheat in sh / kg	2      0	4      0	6      0	8      0
Quantity of wheat supplied in kg	1   0   0	2   0   0	3   0   0	4   0   0

7. (a)(i) Draw a supply curve using then information in the schedule (2 mks)  
(ii) Calculate the price elasticity of supply for the commodity from point A to D.( 2mks)  
(b) Examine the factors that influence the quantity of a commodity supplied in an economy.  
(16 mks)
8. (a) distinguish between supply function and supply schedule (4 mks)  
(b) Explain the factors that limit quantity supplied of a commodity in an economy (16 mks)
9. (a) Distinguish between a change in supply and a change in quantity supplied (4 mks).  
(b) Explain the factors that cause a change in supply for a commodity (16 mks)
10. (a) Distinguish between price elasticity of demand and income elasticity of demand (4 mks)  
(b) Explain the factors that influence price elasticity of demand (16 mks)
11. (a) Explain the methods of price determination in your country (6 mks)  
(b) What are the effects of agricultural price fluctuations in your country?(14 mks)
12. (a) What are the conditions necessary for the success of price mechanism? (6 mks)  
(b) Present a case for and against price mechanism in an economy (14 mks)
13. (a) Explain the role of price mechanism in the allocation of resources in an economy (8 mks)  
(b) Discuss the implications of relying on price mechanism in the allocation of resources in an economy (12 mks)
14. (a) Discuss the merits of relying on price mechanism in an economy (12 mks)  
(b) What factors limit price mechanism from allocating resources efficiently? (8 mks)
15. (a) What is meant by the term ‘price mechanism’? (1 mk)  
(b) Explain the role of price mechanism in the allocation of resources (16 mks)
16. (a) Explain the defects of price mechanism in an economy (10mks)  
(b) What steps should the government take to alleviate the defects of price mechanism? (10 mks)
17. (a) Account for price instability of agricultural products in your country (10 mks)  
(b) What are the effects of agricultural product price instability in your country? (10 mks)
18. (a) Distinguish between price floor and price ceiling (4 mks)  
(b) Examine the consequences of price controls in an economy (16 mks)
19. (a) Differentiate between price control and price discrimination (4 mks)  
(b) Examine the merits and demerits of price control in any economy (16 mks)
20. (a) Distinguish between price floor and price support (4 mks)  
(b) Discuss the effects of price control in an economy (16 mks)
21. (a) Examine the causes of agricultural price fluctuations in your country (10 mks)  
(b) What measures can be taken to stabilize prices of agricultural products in your country?  
(10 mks)

## PRODUCTION

### SECTION A

1. (i)What is meant by the term production? (1 mk)  
(ii)Mention three agents of production in an economy (3 mks)
2. Using examples distinguish between primary production and tertiary production (4 mks)
3. (i)Distinguish between quasi rent and economic rent (2 mks)  
(ii)Outline two reasons why payment to land are referred to as economic rent (2 mks)
4. (i)Distinguish between economic rent and commercial rent (2 mks)  
(ii)State any two factors that influence the level of economic rent (2 mks)
5. (i)Define the term geographical mobility of labour (1 mk)  
(ii)State any three factors that hinder geographical mobility of labour (3 mks)
6. (i)Distinguish between factor mobility and labour mobility (2 mks)  
(ii)Explain any two factors that lead to improvement in labour mobility (2 mks)
7. (i)Distinguish between vertical and horizontal occupational mobility of labour (4 mks)  
(ii)Suggest any two measures that can be taken to increase occupational mobility of labour in your country (2 mks)
8. (i) Define the term factor mobility(1mk)  
(ii)Mention three factors that influence capital mobility in your country (3 mks)
9. (i) Define mobility of capital (1 mk)  
(ii)Give three factors that limit mobility of capital in an economy (3 mk)
10. (i)Distinguish between factor specificity and factor mobility (2 mks)  
(ii)How does the degree of factor specificity affect factor mobility in your country? (2 mks)
11. (i)Distinguish between fixed capital and liquid capital (2 mks)  
(ii)State any two factors that limit capital accumulation in your country (2 mks)
12. (i)What is meant by the term marginal efficiency of capital? (1 mk)  
(ii)Mention three factors that affect the marginal efficiency of capital in your country? (3 mks)
13. State four ways of increasing the marginal efficiency of capital in an economy ( 4 mks)
14. (i)Distinguish between productivity of labour and efficiency of labour (2 mks)  
(ii)Mention two factors that determine labour efficiency in your country (2 mks)
15. (i)Distinguish between division of labour and specialization (2 mks)  
(ii)What are the limitations of specialization in your country (2 mks)
16. State four factors that increase labour productivity( 4 mks)
17. Give any four reasons why the labour supply curve may be regressive (4 mks)
18. Give four factors that affect the supply of entrepreneurs in your country (4 mks)
19. (i)Define the term entrepreneur (1 mk)  
(ii)Outline the functions of an entrepreneur (3 mks)
20. State any four factors that enhance the supply of entrepreneurship in an economy (4 mks)
21. What factors limit the supply of entrepreneurs in your country? (4 mks)
22. What contributions do factors of production make to national income in your country?(4 mks)

23. (i) What is meant by factor prices? (1 mk)  
(ii) Name three different factor prices in an economy (3 mks)
24. (i) State the law of variable proportions (1 mk)  
(ii) Mention any three assumptions underlying the law of variable proportions (3 mks)
25. (i) State the law of variable proportions (1 mk)  
(ii) Under what circumstances may the above law fail to operate (3 mks)
26. (i) Distinguish between conglomerate merger and horizontal merger (2 mks)  
(ii) State two advantages of horizontal merging of firms in your country (2 mks)
27. (i) Distinguish between 'forward vertical' and 'backward vertical' merging of firms (2 mks)  
(ii) List any two advantages of merging of firms (2 mks)
28. Mention any four reasons for merging of firms (4 mks)
29. (a) Distinguish between lateral integration and conglomerate integration of firms (2 mks)  
(b) Give any two conditions necessary for the success of lateral integration of firms (2 mks)
30. (i) Distinguish between excess capacity and over production (2 mks)  
(ii) Mention two causes of excess capacity in an economy (2 mks)
31. In what ways do profits differ from returns to other factors of production? (4 mks)
32. (i) Distinguish between supernormal profits and zero economic profits (2 mks)  
(ii) State two uses of profits in an economy (2 mks)
33. Mention four(4) reasons why the government may influence the location of an industry (4 mks)
34. (i) Distinguish between partnership and public limited company (2 mks)  
(ii) Give two merits of partnership (2 mks)
35. (i) Distinguish between partnership and sole proprietorship (2 mks)  
(ii) Give any two demerits of partnerships in your country (2 mks)
36. (i) Differentiate between a firm and an industry (2 mks)  
(ii) Give two objectives of a firm (2 mks)
37. Explain the differences between :  
(i) Real economies and pecuniary economies of scale (2mks)  
(ii) Transfer earnings and transfer payments (2 mks)
38. (i) Differentiate between industrial inertia and localization of industries (2mks) (ii) Give two reasons why firms operate at excess capacity (2 mks)

## SECTION B

1. (a) Differentiate between vertical mobility and horizontal mobility of labour (4 mks)  
(b) Explain the factors responsible for occupational immobility of labour in an economy (8 mks)  
©Examine the steps that can be taken to encourage occupational mobility of labour (8 mks)
2. (a) What is meant by mobility of labour?(2 mks)

- (b) Explain the barriers to labour mobility in your country (18 mks)
- 3. (a) Distinguish between efficiency of labour and productivity of labour (4 mks)  
(b) Explain the factors that influence efficiency of labour in an economy (16 mks)
- 4. (a) Define the term labour productivity (2 mks)  
(b) Discuss the factors which determine the productivity of labour in your country (18 mks)
- 5. (a) Differentiate between demand for labour and supply of labour (4 mks)  
(b) Examine the factors which determine the demand for labour in your country (16 mks)
- 6. (a) Explain the limitations to specialization in your country (10 mks)  
(b) What are the implications of high levels of specialization in an economy? (10 mks)
- 7. (a) Explain the role of capital in economic development ( 10 mks)  
(b) Discuss the factors that influence capital accumulation in your country (10 mks)
- 8. (a) Distinguish between capital formation and capital appreciation (4 mks)  
(b) Discuss the factors that limit capital accumulation in your country (16 mks)
- 9. (a) What is meant by subsistence sector? (2 mks)  
(b) Why is there a large subsistence sector in your country? (10 mks)  
© What measures are being taken by your government to plan and reduce the dominance of subsistence production? (8 mks)
- 10. (a) What is meant by subsistence output? (2 mks)  
(b) Discuss the merits and demerits of a large subsistence sector in an economy (16 mks)
- 11. (a) Define the term commercial production and explain the factors that retard the growth of the commercial sector in an economy (12 mks)  
(b) Suggest policies that can be adopted to expand commercial production in your country (8 mks)
- 12. (a) Account for the survival of small-scale firms alongside large-scale firms in Uganda (10 mks)  
(b) Explain the merits of small-scale firms in your country (10 mks)
- 13. (a) Distinguish between economies of scale and diseconomies of scale (4 mks) (b) Explain why small scale firms continue to exist despite the enormous advantages enjoyed by large scale firms (16 mks)
- 14. (a) Differentiate between equilibrium of a firm and equilibrium of an industry( 4 mks)  
(b) Examine the implications of large scale industrial firms in an economy (16 mks)
- 15. (a) Distinguish between a firm and an industry (2 mks)  
(b) Examine the factors that have influenced the growth and performance of firms in your country (18 mks).
- 16. (a) Distinguish between horizontal integration and vertical integration of firms ( 4 mks)  
(b) Explain the factors that limit the integration of firms in developing countries (16 mks)

#### REVENUE AND COSTS

- 19. (a)



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## MARKET STRUCTURES

### SECTION A

- a) (i) What is meant by the term market? (1mk)  
(ii) outline three types of market structures in your country (3 mks)
- b) Distinguish between perfect competition and pure competition (4mks)
- c) Mention any four main assumptions of a perfect market (4mks)
- d) Distinguish between :
  - (i) Perfect and imperfect monopoly (2mks)
  - (ii) Collusive and bi-lateral monopoly (2 mks)
- e) Outline any four major sources of monopoly power (4mks)
- f) (i) What is meant by non-price competition?(2 mks)  
  
(ii) Give two ways of non-price competition in your county (2 mks)
- g) Outline four positive implications of monopoly (4 mks)
- h) (i) Define price discrimination (1mk)  
(ii) Give any three forms of price discrimination (3mks)

### SECTION B

#### Questions:

- 1. (a) Using an illustration, distinguish between break-even and shut down point of a firm (6mks)  
(b) Under what circumstances may a firm continue operating even when it is making losses? (14 mks)
- 2. Outline the characteristics of:
  - (a) Perfect oligopoly
  - (b) Imperfect oligopoly
- 3. (a) Explain how profits are maximized by a monopolist (6 mks)  
(b) Explain the advantages and disadvantages of monopoly in an economy (14 mks)
- 4. (a) Describe the features of monopolistic competition (8 mks) (b) Explain profit maximization for monopolistic competition in the:
  - (i) Short run (6mks)
  - (ii) Long run (6mks)



5. (a) Outline the characteristics of monopolistic competition (8mks)  
(b) Explain the merits and demerits of monopolistic competition in your country (12 mks)
6. Compare and contrast monopoly and monopolistic competition country (20 mks)
7. (a) Outline the characteristics of oligopoly market structure (8mks)  
(b) Explain the merits and demerits of oligopoly market structure in your country (12 mks)

## NATIONAL INCOME

### SECTION A

- (a) Given GNP at factor cost, how would you derive GDP at market price?
- (b) Given a country's  $GNP_{MP}$ , what adjustments can you make get the country's  $NNP_{FC}$  (c)  
Given  $NNP_{MP}$ , what adjustment can you make to get  $NDP_{FC}$ ?
- (d) Given that a country's stock of machinery is valued at shs. 100 billion at the start of the year, the total output from machinery during the year was shs. 500 billion, depreciation costs during the year was 20%. Calculate the:
  - (i) value of depreciation
  - (ii) Net output
- (e) Given monetary national income (MNI) value as US\$2 billions and price index of 2001. Calculate the Real national income.
- (f) (i) Differentiate between injections and leakages in the circular flow of income (ii) Mention two problems faced in measuring national income in your country.
- (g) (i) What is an investment multiplier  
(ii) Give any three ways being used to promote investments in your country.
- (h) Given that a household's total income is shs. 800,000 out of which it consumed shs. 180,000. What is the APC?
- (i) Given that  $MPC=25\%$  and income increases from shs. 30,000 to shs. 50,000, what will be the change in consumption?
- (j) Given that income has changed from shs. 80,000 to shs. 100,000 and that the MPC is 0.5, what will be the new level of consumption if the original level of consumption was shs. 25,000?
- (k) Given that a rise in national income by \$480 million led to an increase in savings from \$1100 million to \$1800 million. Determine the marginal propensity to save.
- (l) Given that a country's Gross domestic product (GDP) increased from 450 million to 620 million and the value of imports increased from 50 million to 90 million. Calculate the marginal propensity to import.
- (m) Given that the MPC in a two sector model is 75%, initial investment is shs. 30,000,000 millions, initial income is shs. 90,000,000 millions and if investment increased by 7000 millions. Calculate the:
  - (a) Value of multiplier

- (b) New equilibrium level of income
- (n) Given that the initial equilibrium level of national investment expenditure is shs. 80 millions. Find the new equilibrium level of national income, if the MPC is 60%.
- (o) Study the table below and answer the questions that follow:

National income (million shs)			Consumption expenditure (million shs)		
6	0	0	2	5	0
8	0	0	4	0	2
1	0	0	5	1	7

- (i) Calculate the value of MPC (2mks)
- (ii) Determine the size of the multiplier (2mks)
- (iii) Find the APS when national income is shs. 1000 millions (2mks)
- (p) Given that the initial consumption is shs. 12,000 and the new consumption is shs. 15,000, and investment changed from shs. 25,000 to shs. 32,000. Calculate the accelerator coefficient.
- (q) The consumption of commodity A changes from shs. 100,000 to shs. 300,000 and as a result investment changes from shs. 500,000 to shs. 900,000. Calculate the accelerator.
- (r) Given that a country's exports stand at \$3200, imports at \$2700, taxation at \$1500, savings at \$1800, investment at \$8000, government expenditure at \$4800, consumption at \$400.
- (s) (i) Calculate the value of leakages in the economy (2mks)
- (ii) What is the level of aggregate demand? (2mks)
- (t) Study the following national income data
- Exports (X) = 20
- Imports (m) = 150
- Investment (I) = 100
- Consumption © = 700
- Government spending (G) = 150
- Taxation (T) = 100
- Savings (S) = 200
- National income (NY) = 1000
- (i) On the basis of the data, what can be deduced about the income level? Give reasons to support your answer
- (ii) What is the level of leakages from the circular flow of income?
- (iii) What is the level of aggregate demand?
- (u) What are the conditions of national income equilibrium?
- (v) Distinguish between income gap and unemployment gap

SECTION B

1. (a) Distinguish between gross national product and gross domestic product (4mks)  
(b) Examine the factors that influence the level of national income in an economy (16mks)
2. (a) Differentiate between GNP at factor cost and GDP at market price (4mks)  
(b) Account for the low level of national income in your country (16 mks)
3. (a) Distinguish between national income and personal income (4mks)  
(b) Explain why South Africa has a higher level of national that of Uganda (16mks)
4. (a) Discuss the factors which limit the level of national income in your country (10mks) (b) Suggest the steps that should be taken to increase the level of national income in your country (10mks)
5. (a) What are the reasons for compiling national income statistics? (10mks)  
(b) Explain the factors that lead to an increase in the level of national income in your country
6. (a) Distinguish between income per capita and disposable income ( 4mks)  
(b) Why may income per capita not be a good measure of standard of living in a country over time?
7. (a) Distinguish between GDP per capita and GDP per factor ( 4 mks)  
(b) Explain why GDP per capita is a poor measure of the standard of living between countries (16 mks)
8. “The income per capita of an average person in Zambia is higher than the income per capita of an average person in Uganda” explain why it is not fair to conclude that the average person in Zambia is better off than an average person in Uganda. (20mks)
9. “The annual growth rate of Uganda’s GDP in the financial year 1998/99 was 10 %. People in Uganda therefore were 10% better-off than they were in 1997/98 financial year” discuss.
10. (a) Distinguish between per capita income and personal income ( 4mks)  
(b) What are the limitations of using per capita income figures to compare standard of living between countries? (16 mks)
11. (a) Distinguish between real income per capita and nominal income per capita (4mks)  
(b) What are the limitations of using income per capita to compare welfare of people in a country over time? (16 mks)
12. Explain why a rise in national income/ PCY figures does not necessarily imply changes in the economic and social welfare in a country. (20mks)
13. (a) Distinguish between cost of living and standard of living ( 4 mks)  
(b) Examine the factors that influence people’s standard of living in an economy (16 mks)
14. (a) Why is it necessary to measure national income? (10mks)  
(b) Explain the problems encountered when measuring national income (10 mks)
15. (a) Explain the causes of income inequality in your country  
(b) What steps are being taken by your government to reduce income inequality?
16. (a) Account for the uneven distribution of income in your country

- (b) What are the advantages for and against uneven distribution of income in your country?
- 17. (a) Explain the causes of income disparities in developing countries (b) What are the likely effects of income disparities in developing countries?
- 18. (a) Explain the forms of income inequality  
(b) Discuss the effects of income inequality in your country
- 19. Explain the view that income inequality is a blessing in disguise in the early stages of development.
- 20. (a) Account for the uneven distribution of income in your country  
(b) Suggest possible measures of minimizing uneven distribution of income in your country?
- 21. (a) Define investment (4mks)  
(b) Suggest measures that should be taken to increase the level of investment in your country (16mks)
- 22. Examine the factors limiting the level of savings in your country's economy
- 23. Examine the factors responsible for increasing savings in an economy
- 24. (a) Define the term of investment (2mks)  
(b) Examine the factors that influence the level of investment in an economy (18mks)
- 25. (a) Distinguish between autonomous investment and induced investment (4mks)  
(b) Account for the low level of investment in your country (16mks)
- 26. (a) Explain the factors that lead to the low level of investment in developing countries (10mks)  
(b) What strategies are being undertaken by the government of Uganda to improve on the level of investment? (10mks)
- 27. (a) Distinguish between investment multiplier and export multiplier (4mks)  
(b) Examine the factors limiting the effective operation of the investment multiplier in your country (16mks)

**PRICE INDEX**

1) Study the table below and answer the questions that follow:

C o m m o d i t y kgs/liters	1998 average price (shs)	1995 Simple PI	1995 average price (shs)	W e i g h t
S u g a r	9 0 0	1 0 0	1 1 0 0	3
S a l t	5 0 0	1 0 0	7 0 0	5
M a i z e	3 2 0	1 0 0	5 0 0	6
M e a t	8 0 0	1 0 0	1 3 0 0	2
F u e l	6 5 0	1 0 0	1 0 5 0	4

Calculate the:

- (a) Price relative for 1998
- (b) Average price relative for 1998
- (c) Weighted price index for 1998
- (d) Average weighted price index for 1998.

2) Study the table below and answer the questions:

I t e m	1 9 9 5 p r i c e ( s h s )	1 9 9 6 p r i c e ( s h s )	W e i g h t
R i c e	6 0	7 8	1 2
S u g a r	5 0	4 5	5
B e a n s	2 5	3 0	2
S a l t	1 0	1 5	1

(a) Determine the:

- (i) Price relative
- (ii) Average price relative
- (iii) Weighted index
- (iv) Aggregate weighted price index. What is the implication of your answer?

(b) What are the problems encountered while computing price indices?

- 3) (a) How is cost of living index computed?
- (b) Explain the problems faced in the computation of cost of living indices.
- 4) (a) Explain how price indices are computed. Illustrate your answer (b) Why may price indices be unreliable indicators of cost of living?

## POPULATION AND DEVELOPMENT

### SECTION A

- 1) (a) Differentiate between ‘over population’ and ‘optimum population’ (2 mks)
- (b) Mention two measures being taken to control population growth rate in your country (2 mks)

- 2) (a) Distinguish between Malthusian population trap and population explosion (b) Outline two dangers of population explosion in your country.
- 3) (a) Given that the birth rate of a country is 120 per 1000 and the death rate is one third of the birth rate per 1000, calculate the population growth rate (2 mks)
- 4) (b) Explain any two indicators of optimum population (2 mks)
- 5) (a) state the Malthusian theory of population (2mks)  
(b) State any two limitations of the Malthusian theory of population (2mks)

## SECTION B

- 1) (a) Describe the structure of Uganda's population (8mks)
- 2) (b) Examine the economic implications of such a population structure (12mks)
- 3) (a) What are the causes of high population growth rates in developing countries? (10 mks)
- 4) (b) Examine the implications of high population growth rate in your country. (10 mks)
- 5) (a) Explain the Malthusian population theory (6 mks)  
(b) To what extent is the theory relevant in explaining the population problems in your countries?
- 6) (a) Explain the relationship between Malthusian population theory and optimum population (10 marks)  
(b) Examine the policies under taken by your country to control the rapid population growth.
- 7) (a) Explain the term optimum population (4 mks)  
(b) Discuss the social –economic implications of the economy where 60% of the population is below the adult age, 10% is above retirement age and the annual population growth rate is 4%.
- 8) Taking Uganda's birth rate during the early 1990s to be 55 for every 1000 people and the death rate to be 21 per 1000 people per annum  
(i) Calculate the country's annual percentage increase in population) 2 mks)  
(ii) Give two reasons for such population growth rate) 2 mks)
- 9) (a) What are the determinants of population growth? (10 mks)  
(b) Explain how rapid population growth affects development (10 mks)
- 10) (a) Explain the theory of demographic transition (8 mks)  
(b) Discuss the factors responsible for the rapid population growth in your country? (12 mks)

## LABOUR AND WAGES

### SECTION A

1. (a) Define the term labour force (1mk)  
(b) Mention any three factors which determine the size of labour force in an economy (3mks)
2. Give any four reasons why the labour supply curve may be regressive (4mks)
3. (a) What is meant by labour demand? (1 mk)  
(b) Mention any three factors influencing the demand for labour in an economy (3 mks)
4. (a) Differentiate between labour supply and labour demand (2 mks)  
(b) State two measures that should be taken to increase labour supply in your country (2 mks)
5. (a) What is meant by the term 'productivity of labour'? (1mk)  
(b) Mention any three factors that limit productivity of labour in your country (3mks)
6. (a) Distinguish between marginal product of labour and average product of labour (2mks)  
(b) Give any two factors which may increase the average product of labour in an economy (2mks)
7. (a) Differentiate between wage freeze and wage restraint (2mks)  
(b) Give any two causes of wage differentials in your country (2mks)
8. (a) Distinguish between a wage and a salary (2mks)  
(b) How are they determined in an economy? (mks)
9. (a) Distinguish between a minimum wage and a living wage (2mks)  
(b) State any two factors that influence the level of wages in your country (2mks)
10. Give four factors that determine the strength of trade unions in LDC's (4 mks)
11. (a) What is meant by collective bargaining? (1mk)  
(b) Outline the factors which determine the strength of a trade union (3mks)
12. (a) State the marginal productivity theory of wages (1mk)  
(b) Identify any three assumptions of the marginal productivity theory of wages (3mks)
13. Clearly distinguish between the wage fund theory and the subsistence theory of wages (4mks)
14. (a) Differentiate between nominal wage and real wage (2mks)  
(b) Outline any two determinants of real wage in your country (2mks)
15. (a) Define the term elasticity of supply (1mk)  
(b) What factors influence elasticity of labour supply? (3mks)
16. (a) Distinguish between elasticity of demand for labour and elasticity of supply for labour (2mks)  
(b) Give any two determinants of elasticity of demand for labour (2mks)
17. (a) What is meant by minimum wage legislation? (2mks)  
(b) State any two reasons for minimum wage legislation in your country? (2mks)
18. (a) What is meant by piece rate method of wage payment? (1mk)



- (b) Mention any three advantages of piece rate method of wage payment (3mks)
- 19. (a) Differentiate between piece rate and time rate methods of wage payment (2mks)  
(b) State any two merits of using the time rate method of wage payment (2mks)
- 20. (a) Distinguish between go-slow method and sit-down strike as applied to trade unions (2mks)  
(b) Give any two features of trade unions in developing countries (2mks)

### SECTION B

- 1. (a) Distinguish between efficiency of labour and productivity of labour (4mks)  
(b) Discuss the factors that determine efficiency of labour in your country (16 mks)
- 2. (a) What factors limit labour productivity in developing countries?(10mks)  
(b) What measures are being taken to improve the productivity of labour in your country? (10mks)
- 3. (a) Explain the marginal productivity theory of wages  
(b) Why is the marginal productivity theory rarely used in determining wages?
- 4. (a) Explain the iron law of wages  
(b) Account for wage differentials in your country.
- 5. (a) Explain the marginal productivity theory as applied to labour  
(b) What are the limitations of the marginal productivity theory of distribution in the determination of wages?
- 6. (a) How are wages determined in your country?  
(b) Discuss the factors for wage disparities in your country.
- 7. (a) Why wages are relatively lower in the primary sector than in other sectors? (b) What measures has your country undertaken to minimize this difference?
- 8. (a) Distinguish between piece rate and time rate methods of wage payment  
(b) Discuss the merits and demerits of piece rate method of wage payment
- 9. (a) Explain the causes of wage differentials in an economy (10mks) (b) What are the merits and demerits of high minimum wage?
- 10. (a) Explain the tools used by trade unions to achieve their objectives(8 mks)  
(b) To what extent have trade unions in Uganda achieved their objectives? (12mks)
- 11. (a) what are the objectives of trade unions in an economy?(8 mks)  
(b) Discuss the factors limiting the effectiveness of trade unions in your country (12mks)
- 12. (a) Under what circumstances may workers be justified to demand for higher wages?(10mks)  
(b) What problems are trade unions facing in your country? (10mks)
- 13. (a) Outline the features of trade unions in developing countries (10mks)  
(b) Explain the methods used by trade unions to achieve their objectives in your country (10mks)
- 14. a) Explain the factors that determine the size of labour force in an economy.  
(b) What measures have been taken to increase labour mobility in your country?

15. (a) What constitutes the labour force of a country?  
(b) What factors determine the rate of growth of labour force in an economy?
16. (a) What are the salient features of Uganda's labour force?  
(b) What factors determine the supply of labour in the industrial sector?
17. (a) What is manpower planning? (2mks)  
(b) What manpower problems is your country facing? (9mks)  
© What are the possible solutions to the above problems? (9mks)

## MONEY AND BANKING

### SECTION A

1. (a) What is meant by "fiduciary issue" in economics? (1 mk)  
(b) Give three reasons why an increase in money supply may not necessarily lead to inflation (3 mks)
2. Give four reasons why increase in money supply may not lead to inflation (mks)
3. (a) Define the term money supply (1 mk)  
(b) Mention any three factors that influence the supply of money in an economy (3 mks)
4. Clearly differentiate between the precautionary and speculative demand for money (4mks)
5. For what reasons do people demand for money according to lord Keynes (4 mks)
6. (a) Define the term demand for money (1 mk)  
(b) Mention three reasons for money demand according to Keynes (3 mks)
7. Explain the motives for demand for money according to Keynes (4 mks)
8. (a) Differentiate between interest and rent (2 mks)  
(b) Mention any two determinants of interest rate in your country (2 mks)
9. (a) Distinguish between liquidity preference and liquidity ratio (2 mks)  
(b) Outline any two factors to account for the high level of liquidity preference in your country (2 mks)
10. State any four factors which determine liquidity preference in an economy (4 mks)
11. (a) Distinguish between value of money and face value of money (2 mks)  
(b) State any two determinants of value of money in an economy (2 mks)
12. Given that the amount of money in circulation is shs.300 million, its velocity is 10 and the level of transactions is shs. 40,000. Calculate the general price level.
13. (a) State Irving fisher's quantity theory of money  
(b) Given that in an economy at a particular time the amount of money in circulation is 200 million, the velocity of circulation of a unit of money is 25 and the level of transactions was shs.50000. Using fisher's equation of exchange, calculate the general price level in that economy.

14. Given that the price level in the economy is 20% of the velocity of circulation, the volume of transactions is shs. 75 million and the rate at which money changes hands in the economy is 50. Find;
- (a) The general price level
  - (b) The quantity of money in circulation
15. (a) Define the term bank deposit multiplier(1mk)
- (b) Assuming the final level of deposit in the bank is 20 million and the cash ratio is 15%, what is the initial deposit? (3 mks)
16. Given a cash ratio of 0.1 and an initial deposit of US\$1,000. Calculate the total credit in Uganda shillings, that may be created on the basis of this deposit (US\$1=U.Shs 2400).
17. Given that the cash ratio is 0.2 and the initial deposit is ug sh.400 million. Calculate the initial deposit that was available in the bank.
18. Given a cash ratio of 0.05 and an initial deposit of US\$ 900, calculate the total deposit created in ug. Shillings ( \$1=sh.2300)
19. (a) Define the term credit multiplier (1 mk)
- (b) Assuming the final level of deposits in the bank is 20 million and the cash ratio is 25%, what was the initial deposit? (3 mks)
20. (a) Differentiate between cash ratio and reserve ratio( 2 mks)
- (b) State two reasons why reserve ratio may be increased (2 mks)
21. (a) Define the concept 'discount rate' (2 mks)
- (b) How is it operated by the central bank? (2 mks)
22. (a) Distinguish between a money market and a capital market (2 mks)
- (b) State two functions capital markets in your country? (2 mks)
23. (a) Define the term 'instruments of credit' ( 1 mk)
- (b) Mention any three instruments of credit (3 mks)
24. (a) What is meant by bank financial intermediaries? (1 mk)
- (b) Give three features of bank financial intermediaries in your country (3 mks)
25. (a) Differentiate between credit control and credit creation (2 mks) (b) Give two objectives of credit control in developing countries (2 mks)
26. Differentiate between :
- (a) Central bank and Commercial banks (2 mks)
  - (b) Non bank and banking financial institutions (2 mks)
27. (a) What are non-bank financial intermediaries? (1 mk)
- (b) Give three examples of non-bank financial intermediaries in your country (3 mks)

## SECTION B

1. (a) What are the characteristics of good money? (10 mks)

- (b) Examine the functions of money (10 mks)
- 2. (a) What, according to Lord Keynes, are the reasons for the demand for money? (6 mks)  
(b) Explain the factors that affect demand for money in an economy (14 mks)
- 3. (a) what is meant by liquidity preference?(4 mks)  
(b) Examine the factors that determine liquidity preference in an economy (16 mks)
- 4. (a) What factors determine the price level in an economy?  
(b) Why is Fisher's quantity theory of money inadequate in explaining the changes in the value of money in your country?
- 5. (a) Outline the underlying assumptions of Irving Fisher's equation of exchange (b) Explain the limitations of the quantity theory of money in an economy.
- 6. (a) Explain the quantity theory of money (6 mks)  
(b) What are the limitations of the quantity theory of money? (14 mks)
- 7. (a) Explain Fisher's quantity theory of money (4 mks)  
(b) Explain the factors that limit the applicability of the quantity theory of money to developing countries (10 mks)
- 8. (a) Outline the assumptions of the quantity theory of money (6 mks)  
(b) "Fisher's equation of exchange is the only explanation for price changes". How far is this statement true?
- 9. "The quantity theory of money is the only explanation for price changes". Discuss. (20 mks)
- 10. a) State the quantity theory of money as put forward by Fisher (4 mks)  
(b) "The quantity theory of money is the complete explanation of inflation in your country." Discuss (16 mks)
- 11. (a) Distinguish between cash ratio and liquidity preference (4 mks)  
(b) Examine the factors limiting the process of credit creation (16 mks)
- 12. (a) How do commercial banks create credit? (8 mks)  
(b) Explain the factors that influence the process of credit creation in an economy (12 marks)
- 13. (a) Given that Bank A had an initial deposit of 100,000 shillings and required a cash ratio of 20%. Explain the credit creation process assuming that the bank has 4 branches (4 mks)  
(b) Explain the factors that limit credit creation in your country (16 mks)
- 14. (a) Given that a bank had initial deposits of sh. 20,000,000 and the required cash ratio is 40%, explain how the bank will create more credit (10 mks)  
(b) Explain the factors which limit credit creation (10 mks)
- 15. (a) What are the functions of commercial banks? (10 mks)  
(b) How do commercial banks achieve the objectives of liquidity, profitability and security? (10 mks)
- 16. (a) What are the factors influencing the success of the process of credit creation? (10 mks) (b) Account for the poor performance of the banking sector in developing countries (10 mks)
- 17. (a) What are the functions of commercial banks? (8 mks)

- (b) Explain the problems faced by commercial banks in developing countries (12 mks)
18. (a) Explain the role of commercial banks in the economic development (10 mks) (b) Explain how commercial banks reconcile the conflicting objectives of liquidity and profitability? (10 mks)
19. (a) Differentiate between commercial bank and development bank (4 mks)  
(b) Discuss the contribution of foreign owned commercial banks to developing countries (16 mks)
20. (a) Distinguish between assets and liabilities of a commercial bank (4 mks)  
(b) Explain the role of commercial banks in an economy (16 mks)
21. (a) Explain the tools of monetary policy  
(b) What factors limit the effectiveness of the implementation of the monetary policy in your country?
22. (a) State two objectives of monetary policy in your country? (4 mks)  
(b) Explain the factors which limit the effective operation of monetary policy in your country (16 mks)
23. (a) Explain the objectives of monetary policy (10 mks)  
(b) Account for the failure of the successful implementation of monetary policy in your country (10 mks)
24. (a) Explain the functions of the central bank (8 mks)  
(b) How does the central bank control credit in a multi-bank system? (12 mks)
25. (a) Explain the objectives of central bank credit control in your country (6 mks)  
(b) Discuss the factors limiting the central bank from achieving credit control objectives in your country (14 mks)
26. (a) What is meant the concept monetary policy? (4 mks)  
(b) Examine the tools used in the management of monetary policy in your country (16 mks)

ECONOMIC GROWTH AND DEVELOPMENT (covered)

DEVELOPMENT AND CHOICE OF DEVELOPMENT STRATEGY (covered)

STRUCTURE OF UGANDA'S ECONOMY

SECTION A

1. What are the basic features of Uganda's economy? (4mks)
2. Outline any four(4) problems developing countries face in their effort to export manufactured goods (4mks)
3. (a) Define the term absorptive capacity (1mk)  
(b) Give three reasons for the low absorptive capacity in developing countries (3mks)

4. Mention four features of Uganda's small scale industries (4mks)
5. Mention any four merits of the informal sector (4mks)
6. Outline the features of dualism in your country (4mks)
7. (a) Distinguish between economic dependence and economic interdependence (2mks)  
(b) Identify two instances of economic dependence (2mks)
8. (a) What is meant by external resource dependence? (1mk)  
(b) Give three demerits of external resource dependence (3mks)
9. What is the role of government in the development of an economy? (4mks)
10. (a) What is a parastatal organization? (1mk)  
(b) Give three reasons for the poor performance of parastatal organizations in your country (3mks)
11. (a) Define the term privatization (1mk)  
(b) Outline the objectives of privatization in your country (3mks)
12. Mention any four features of Uganda's exports (4mks)
13. Identify any four structural adjustment programmes of IMF in developing countries (4mks)
14. (a) Define structural adjustment programmes (1mk)  
(b) What are the structural adjustment programmes that Uganda has implemented? (3mks)
15. Identify any four objectives of International Monetary Fund (4mks)

## SECTION B

1. (a) What are the salient features of Uganda's economy (10mks)  
(b) Explain the economic implications of the structure of Uganda's economy (10mks)
2. (a) Describe the structure of Uganda's economy  
(b) What structural reforms would you recommend for your government to improve the economy?
3. (a) Explain the ways in which agriculture is dominant in Uganda's economy (8mks)  
(b) What measures are being taken to modernize the agricultural sector in Uganda? (12mks)
4. (a) Define the term agricultural modernization (2mks)  
(b) Explain the factors limiting agricultural modernization in your country (18mks)
5. (a) Explain five (5) salient features of Uganda's economy  
(b) What changes would you consider necessary for such an economic structure?
6. (a) Explain how agriculture is a dominant sector in your country's economy (6mks)  
(b) What steps have been taken to promote the agricultural sector in your country? (14mks)
7. (a) Describe the structure of industry in Uganda (10mks)  
(b) Examine the implications such as a structure on the economy of Uganda?
8. (a) Outline the features of Uganda's industrial sector (8mks)  
(b) Discuss the factors which have influenced the development of the industrial sector in Uganda (12mks)

9. (a) Explain the meaning of informal sector (4mks)  
(b) What are the advantages and disadvantages the existence of the informal sector in your country? (16mks)
10. (a) Outline the features of a dual economy (8mks)  
(b) Explain the negative effects of economic dualism in your country (12mks)
11. (a) Describe the structure of import and export trade in your country (10mks)  
(b) What are the implications the above structure in your country? (10mks)
12. (a) Outline the structure of Uganda's foreign trade  
(b) What problems arise out of such a structure of foreign trade?  
©Suggest possible remedies to such problems
13. (a) In what ways is your country economically dependent? (8mks)  
(b) What are the implications of such economic dependence in your country? (12mks)
14. (a) Distinguish between economic dependence and economic interdependence (4mks)  
(b) Assess the implications of economic dependence in an your country (16mks)
15. (a) Distinguish between trade dependence and technological dependence (4mks) (b) What are the likely consequences of economic dependence?
16. (a) Define the terms:  
(i) An independent economy  
(ii) Integrated economy  
(iii) Self-sustaining economy  
(b) What steps is your country undertaking to achieve an independent, integrated and self-sustaining national economy?
17. (a) What is a public corporation? (4mks)  
(b) Assess the role of public corporations in an economy (16mks)
18. (a) Differentiate between a public enterprise and public corporation (4mks)  
(b) Account for the establishment of public enterprise in your country (16mks)
19. (a) What are the basic features of the public sector in Uganda? (8mks)  
(b) Explain why the public sector in your country has failed to achieve its objectives (12mks)
20. (a) Discuss the major factors that influence investment decisions in the private sector of your country (10mks)  
(b) What measures should be taken to improve the performance of the private sector in your country? (10mks)
21. (a) What is the role of the private sector in the economic development of an economy? (10mks)  
(b) Discuss policy measures have been adopted to promote the private sector in your country? (10mks)
22. (a) Distinguish between liberalization and privatization  
(b) Explain the reasons for the privatization of public enterprises in developing countries.
23. (a) Explain the various forms of privatization



- (b) What are the arguments for and against privatization in developing countries?
- 24. (a) Explain the limitations to the privatization process in Uganda
- (b) What measures can be taken by the government of Uganda to achieve a successful privatization process?
- 25. (a) Account for the divestiture of public enterprises in your country (10mks)
- (b) What are the problems faced in the divestiture of public enterprises? (10mks)
- 26. (a) Account for the privatization of public enterprises in your country (10mks)
- (b) What problems have been encountered in the privatization of public enterprises in Uganda? (10mks)

## PUBLIC FINANCE

### SECTION A

- 1. Mention four causes of tax evasion in your country (4mks)
- 2. (a) What is meant by the term 'tax base'? (1mk)
- (b) Give the causes of a narrow tax base in your country (3mks)
- 3. (a) Define taxable capacity (1mk)
- (b) Mention three causes of low taxable capacity in an economy? (3mks)
- 4. (a) Distinguish between a value added tax and turn over tax (2mks)
- (b) Give any two advantages of value added tax (2mks)
- 5. (a) How is tax rebate different from tax evasion? (2mks)
- (b) What reasons are normally advanced for the imposition of a sumptuary tax? (2mks)
- 6. (a) Distinguish between progressive and proportional tax (2mks)
- (b) Give the merits of a progressive tax over a proportional tax (2mks)
- 7. Mention four reasons for imposing regressive taxes in your country (4mks)
- 8. (a) Distinguish between a capital gains tax and a corporation tax (2mks)
- (b) Mention two demerits of a corporation tax in your country (2mks)
- 9. (a) What is meant by the term import duty? (1mk)
- (b) Mention three objectives of import duty in your country (3mks)
- 10. (a) What is meant by the term VAT? (1mk)
- (b) Give any three disadvantages of VAT in your country (3mks)
- 11. Distinguish between the following:
- 12. (a) A tax and a fee (2mks)
- (b) Incidence of a tax and impact of a tax (2mks)
- (c) Tax rebate and tax evasion (2mks)
- (d) Advalorem tax and specific tax (2mks)
- (e) Capital gains tax and sales tax (2mks)
- 13. Why do countries incur public debt? (4mks)
- 14. (a) Define the term public borrowing (1mk)

- (b) Outline any three advantages of public borrowing (3mks)
- 15. Mention any four factors that limit internal borrowing in your country (4mks)
- 16. (a) What is meant by the term public debt management? (1mk)  
(b) Mention any three (3) objectives of public debt management in your country (3mks)
- 17. (a) Distinguish between a soft loan and a hard loan (2mks)  
(b) Give two reasons why Uganda continues to rely on loans (2mks)
- 18. (a) Define deficit expenditure (1mk)  
(b) What are the major problems of deficit expenditure? (3mks)
- 19. Mention any 4 items of government expenditure in your country (4mks)
- 20. (a) What is meant by the term surplus budget? (1mk)  
(b) Explain the reasons for using a surplus budget in an economy (3mks)
- 21. (a) What is meant by the term unbalanced budget? (1mk)  
(b) Explain the reasons why the government may deliberately plan for unbalanced budget (3mks)
- 22. (a) Distinguish between a surplus budget and a deficit budget (2mks) (b) How can the government finance a deficit budget? (2mks)
- 23. (a) Distinguish between a budget surplus and a budget deficit (2mks)  
(b) Why may government plan for a deficit budget? (2mks)
- 24. How does your government finance a deficit budget? (4mks)
- 25. Show the major objectives of a national budget (4mks)
- 26. Mention any four problems involved in the budgeting process in developing countries (4mks)
- 27. (a) What is meant by the term fiscal policy? (1mk)  
(b) Outline the role of fiscal policy in developing countries (3mks)

## SECTION B

- 1) (a) Explain the principles of good taxation (10mks)  
(b) Why is it necessary to levy taxes in an economy? (10mks)
- 2) (a) Assess the role of taxation in an economy (12mks)  
(b) Suggest measures/ways how tax collection can be improved in your country (8mks)
- 3) (a) How is tax avoidance different from tax evasion? (4mks)  
(b) Explain the relationship between taxation and development. (16mks)
- 4) (a) What criteria would you use to judge a good tax system? (10mks)  
(b) Suggest measures to improve tax collection in your country (10mks)
- 5) (a) Distinguish between taxable income and tax base (4mks)  
(b) Explain the factors that influence the amount of revenue from taxation in your country (16mks)
- 6) (a) Explain the problems faced by tax officials in your country (10mks)

- (b) Account for the recent increase in government revenue collections in your country( 10mks)
- 7) (a)What is meant by the terms:  
(i) incidence of a tax (2mks)  
(ii) impact of a tax (2mks)  
(b)Using illustrations explain the factors upon which incidence of tax depends (16mks)
- 8) (a)what the reasons for imposing taxes (10mks)  
(b)Discuss the main principles of taxation (10mks)
- 9) (a)Assess the problems limiting the taxation potential in most developing countries(10mks)  
(b) Suggest remedies to such hindrances (10mks)
- 10) (a) How do consumers and producers share the tax burden when the demand for the good is:  
(i) Perfectly elastic and has unitary elasticity of supply (4mks)  
(ii) Perfectly inelastic and has elasticity of supply which is greater than one (4mks)  
(b) How can your government raise more revenue from taxation? (12mks) 11) Apply the concept of price elasticity of demand to :  
(a) Incidence of an indirect tax (10mks)  
(b) Negative tax (subsidies)
- 12) (a) What is meant by the term indirect taxes? (4mks)  
(b) Explain the merits of imposing indirect taxes in your country (16mks)
- 13) (a) Distinguish between tax evasion and tax avoidance (4mks)  
(b) Assess the impact of indirect taxes on the economy of your country (16mks)
- 14) (a) Distinguish between direct taxes and indirect taxes (4mks)  
(b) Assess the impact of taxation in an economy (16mks)
- 15) (a) Account for your government's greater reliance on hidden rather than direct taxes (10mks)  
(b) What factors determine a country's taxable capacity? (10mks)
- 16) (a) Explain why indirect taxes contribute more revenue to the government than direct taxes (10mks)  
(b) Briefly describe the structure of taxation in your country (10mks)
- 17) (a) What are the traits of a good tax? (10mks)  
(b) Explain the merits and demerits of outlays in an economy (10mks)
- 18) (a)(i) Outline the structure of Uganda's debt (3mks)  
  
(ii) How is the debt raised? (3mks)  
  
(b) What measures can be taken by your government to alleviate the country's debt burden? (16mks)
- 19) (a) Explain the meaning of debt management (4mks)

- (b) Discuss the fiscal policies and monetary policies of debt management used in your country (16 mks)
- 20) (a) Distinguish between a funded debt and a floating debt (4mks)  
(b) Explain the causes of the increasing debt crisis in developing countries (16mks)
- 21) (a) Why do governments incur public debts? (10mks)  
(b) Present a case against a high public debt facing your country (10mks)
- 22) (a) Outline the objectives of public debt management (6mks)  
(b) Explain the methods used to reduce the burden of public debts in your country (14mks)
- 23) (a) Account for the increase in government expenditure in your country (10mks) (b) Suggest ways and means of cutting down this expenditure without interfering with the economic development of the country (10mks)
- 24) (a) Distinguish between recurrent expenditure and capital expenditure (4mks)  
(b) Account for the recent increase in government expenditure in your country (16mks)
- 25) (a) Distinguish between a recurrent budget and a development budget (4mks) (b) Account for the serious budgetary deficits in developing countries (16mks)
- 26) (a) Explain the causes of persistent budgetary deficits in your country (10mks)  
(b) What measures are being undertaken to reduce budgetary deficits in your country? (10mks)
- 27) (a) What do you understand by the following:  
(i) Budgeting for surplus (2mks)  
(ii) Budgeting for deficit (2mks)  
(b) When is each of the policies above desirable? (16mks)
- 28) (a) “The budget is the focal point of the government’s social and economic policy” discuss (10mks)  
(b) Account for your country’s greater reliance on debt financing rather than taxation financing. (10mks)
- 29) (a) Explain the various types of budget (8 mks)  
(b) Discuss the significance of the national budget in an economy (14 mks)
- 30) (a) Define a budget deficit (2mks)  
(b) What policy measures are being used to minimize budget deficit in your country? (18mks)
- 31) (a) Why may a government plan for a deficit budget? (10mks)  
(b) Explain the role of a government budget in an economy (10mks)
- 32) (a) Distinguish between debt financing and taxation financing (4mks)  
(b) Present the advantages of debt financing over taxation financing (16mks)

PLANNING

SECTION A

- 1) (a) Distinguish between a partial plan and a comprehensive plan (4mks)  
(b) Examine the merits and demerits of a comprehensive plan in an economy (16mks)
- 2) (a) What is economic development planning? (4mks)  
(b) Why does your country carry out economic development planning? (16mks)
- 3) (a) Why is there need for development planning in your country? (10mks)  
(b) What factors limit effective implementation of development plans in developing countries? (10mks)
- 4) (a) Distinguish between centralized planning and indicative planning (6mks)  
(b) What are the factors that influence the effectiveness of economic development planning in developing countries? (14mks)
- 5) (a) Distinguish between comprehensive planning and partial planning (4mks)  
(b) Examine the role of planning in an economy (16mks)
- 6) (a) Explain the meaning of the following terms as used in development planning:  
(i) Project planning (2mks)  
(ii) Imperative planning (2mks)  
(iii) Centralized planning (2mks)  
(b) Account for the centralized planning in developing countries (14mks)
- 7) (a) Distinguish between 'sequencing' and 'compatibility' as used in development planning (4mks)  
(b) Discuss the limitations of development planning in your country (16mks)
- 8) (a) Differentiate between centralized planning and decentralized planning (4mks)  
(b) Explain the benefits of decentralized planning in an economy (16 mks) 9)
- (a) Why is economic development planning necessary in developing countries? (10mks)  
(b) Account for the failure of many developing countries to effectively plan (10mks)
- 10) (a) Distinguish between a development plan and an economic plan (4mks) (b) What are the features of a good development plan in an economy? (16mks)
- 11) (a) Distinguish between:  
(i) Development planning and economic planning (2mks)  
(ii) Project planning and micro planning (2mks)  
(ii) Perspective planning and short term planning (2mks)  
(b) Explain the advantages and disadvantages of partial planning (16mks) 12)
- (a) Distinguish between indicative planning and imperative planning (4mks) (b) What are the major obstacles to achieving a successful development plan? (16mks)

## INFLATION

### SECTION A

- 1) (a) Define scarcity inflation (1mk)  
(b) What measures are used to control it? (3mks)
- 2) (a) Distinguish between structural inflation and suppressed inflation (2mks)  
(b) Outline the causes of bottleneck inflation (2mks)
- 3) (a) Distinguish between inflation and deflation (2mks)  
(b) Mention any two theories of inflation (2mks)
- 4) How does inflation affect:
  - (a) Occupational distribution of labour (1mk)
  - (b) Level of savings (1 mk)
  - (c) Balance of payment position (1mk)
  - (d) Income distribution (1mk)
- 5) (a) What is meant by stagflation?(1mk) (b) Outline the costs of stagflation (3 mks)
- 6) Define the following:
  - (a) Inflationary spiral (1mk)
  - (b) Expectation inflation (1mk)
  - (c) Monetary inflation (1mk)
- 7) (a) Distinguish between hyper inflation and creeping inflation (2 mks)  
(b) Outline the positive effects of inflation in an economy (2 mks)
- 8) (a) Define the term imported inflation (1 mk)  
(b) Mention the measures that can be used to curb imported inflation (3 mks).
- 9) Using an illustration , explain the term demand-pull inflation (4 mks)
- 10) (a) distinguish between headline inflation and underlying inflation (2mks)  
(b) Outline any two solutions to structural inflation in an economy (2mks)
- 11) (a) Distinguish between cost-push inflation and expectation inflation (2mks)  
(b) Outline any two causes of cost-push inflation in your country (2mks)

### SECTION B

- 1) (a) Under what circumstances is mild inflation desirable in an economy? (8mks)  
(b) Why is inflation difficult to control in developing countries like Uganda? (12 mks)
- 2) (a) Distinguish between Inflation and Reflation (4 mks)  
(b) Account for the persistent inflation in developing countries (16 mks)
- 3) (a) Explain the relationship between inflation and unemployment (8 mks)  
(b) For what reasons is inflation undesirable in an economy? (12 mks)
- 4) (a) What is meant by inflation? (4 mks)

- (b) Assess the impact of inflation in an economy (16 mks)
- 5) (a) Distinguish between gradual and runaway inflation(4 mks)  
(b) To what extent is inflation in your country as a result of rising costs of production? (16m mks)
- 6) (a) Discuss the causes of inflation in Uganda (10mks)  
(b) Suggest possible solutions to be taken by the government to curb inflationary tendencies in your country (10 mks)
- 7) “Rising costs and excessive demand are no longer adequate to explain inflationary tendencies” Discuss. (20mks)
- 8) Discuss the causes and effects of inflation in your country ( 20 mks)
- 9) (a) Distinguish between speculative inflation and wage-price inflation(4mks)  
(b) Examine the effects of inflation on the economy of your country (16 mks)
- 10) Given that an economy suffers from demand—pull inflation and balance of payment deficits, discuss the policy measures which are appropriate to deal with the two problems simultaneously (20 mks)
- 11) (a) Examine the causes of inflation in your country? (10 mks)  
(b) What are the measures being taken by your country to fight inflation? (10mks)
- 12) (a)Account for the causes of demand-pull and cost-push inflation in your country ( 10 mks)  
(b) What measures can be taken to curb demand pull inflation? (10 mks)
- 13) (a) What is meant by an inflationary gap? (4 mks)  
(b) Examine the policies adopted to alleviate the effects of inflation in your country (16 mks)
- 14) (a) Why may a low rate of inflation in an economy be desirable? (8 mks)  
(b) What policy measures have been undertaken to control inflation in your country? (12 mks)
- 15) (a)What are the causes of persistent inflation in an economy? (10mks)  
(b) Suggest that can be taken to control the rate of inflation in an economy (10mks)
- 16) (a)State and explain the theories of inflation (8mks)
- 17) (b) Explain how the central bank solves inflation in an economy? (12mks)
- 18) (a) Examine the causes of inflation in your country  
(b)Explain the effects of inflation in your country

## UNEMPLOYMENT

### SECTION A

1. Outline the factors that lead to involuntary unemployment ( 4 mks)
2. What is meant by the following terms?



- (a) Full employment
  - (b) Under employment
  - © Open—urban unemployment
  - (e) Technological unemploymen
3. Define the term underemployment
  4. Differentiate between frictional unemployment and seasonal unemployment
  5. Mention any two examples of seasonal unemployment in an economy
  6. Give any two remedies for seasonal unemployment
  7. Define the term voluntary unemployment
  8. State three causes of voluntary unemployment
  9. State three reasons why it is hard to achieve full employment in developing economies

## SECTION B

- 1) (a) Account for the unemployment problem in your country (10mks)  
(b) Explain the measures being taken to tackle the unemployment problem in your country (10mks)
- 2) (a) Account for the causes of unemployment (10mks)  
(b) Explain the effects of unemployment in an economy (10mks)
- 3) (a) Distinguish between frictional unemployment and cyclical unemployment (4mks)  
(b) Why is unemployment a problem of concern to the government of Uganda? (16mks)
- 4) (a) What are the causes of disguised unemployment in your country? (10mks)  
(b) Explain the measures that should be taken to increase the level of employment in your country (10mks)
- 5) (a) Explain the effects of unemployment to an economy (10mks)  
(b) Suggest possible remedies to the unemployment problem in your country (10mks)
- 6) (a) Discuss the general causes of unemployment in developing countries (10mks)  
(b) Suggest practical remedies to alleviate the unemployment problem in your country (10mks)
- 7) (a) Distinguish between voluntary and involuntary unemployment (4mks)  
(b) Explain the major causes of voluntary unemployment in developing countries (16mks)
- 8) (a) Examine the causes of structural unemployment in an economy (10mks)

- (b) What are the effects of rising unemployment on the economy? (10mks)
- 9) (a) Define and explain the term under employment (4mks)
- (b) What policy measures are being taken to increase the level of employment in your country? (16mks)
- 10) (a) What do you understand by the term full employment? (6mks)
- (b) Why is it difficult to achieve full employment in an economy? (14mks)
- 11) (a) Explain the Keynesian theory of unemployment (6mks)
- (b) To what extent is this theory relevant to developing countries? (14mks)
- 12) (a) What according to Keynes (J.M) are the solutions to the unemployment problem? (6mks)
- (b) Explain the limitations of the Keynesian theory of unemployment in developing countries (14mks)
- 13) The Keynesian theory of unemployment was formulated in ‘ a developed economy’ context. To what extent is this theory applicable to your country?
- 14) (a) ‘Open –urban unemployment is best explained by rural—urban migration’ discuss (10mks)
- (b) Suggest solutions to the problems of urban unemployment (10mks)

## INTERNATIONAL TRADE

### SECTION A

1. Distinguish between the following:
  - (a) Barter terms of trade and income terms of trade
  - (b) Invisible balance and balance of trade
  - © favourable balance of trade and unfavourable balance of trade
  - (d) Domestic trade and foreign trade
  - (e) Visible trade and invisible trade
  - (f) Improving terms of trade and deteriorating terms of trade
2. (a) Distinguish between balance of payment deficit and balance of payment surplus (2mks)
- (b) State two ways of solving balance of payment deficit in your country (3mks)
3. (a) Differentiate between balance of trade and terms of trade (2 mks)
- (b) Mention two ways of improving terms of trade in your country (2mks)
4. (a) What is meant by balance of payment disequilibrium? (1mk)
- (b) State any three causes of balance of balance of payment disequilibrium in developing countries (3mks)
5. (a) Distinguish between balance of payment deficit and balance of payment problems (2mks)

- (b) State any two effects of balance of payment problems in your country (2mks)
- 6. (a) What is meant by dumping? (1mk)  
(b) State any three effects of dumping in the recipient country (3mks)
- 7. (a) distinguish between tariff and non-tariff barriers as used in economics(2mks)  
(b) Explain any two forms of non-tariff barriers used by your country (2mks)
- 8. (a) What is meant by commercial policy? (1mks)  
(b) Mention any three instruments of commercial policy (3mks)
- 9. Outline four features of Uganda's export trade (4mks).
- 10. (a) Define PTA (1 mk)  
(b) What are the likely effects of preferential trade area? (3 mks)

#### SECTION B

- 1. (a) Why do countries participate in international trade? (10mks)  
(b) Explain the instruments used to restrict international trade (10mks)
- 2. (a) Distinguish between comparative advantage and absolute advantage (4 mks)  
(b) To what extent is the comparative advantage theory applicable in your country? (16 mks)
- 3. (a) What is trade liberalization? (4mks)  
(b) Explain the benefits of trade liberalization (16 mks)
- 4. (a) Account for the balance of payment in your country (10mks)  
(b) Examine the measures being used to control the balance of payment problem in your country (10mks)
- 5. (a) Why do countries restrict international trade? (10mks)  
(b) Explain the dangers of restricting international trade on the economy in developing countries (10mks)
- 6. (a) Explain the tools of protectionism in your country (10mks)  
(b) Examine the consequences of protectionism in your country (10mks)
- 7. (a) Distinguish between tariff and non-tariff barriers to trade (4mks)  
(b) In what ways has the government of your country restricted international trade? (16 mks)
- 8. (a) Explain the law of comparative advantage (6mks)  
(b) What is the contribution of international trade to the development of your country? (16 mks)
- 9. (a) Explain why developing countries benefit less from international trade (10mks)  
(b) Explain the measures that may enable the developing countries to benefit more from international trade (10mks)
- 10. (a) Distinguish between barter terms of trade and income terms of trade (4 mks)  
(b) Account for the terms of trade experienced by developing countries. (16mks)
- 11. (a) What are the causes of deteriorating terms of trade in your country? (10mks)  
(b) Examine the measures being taken to improve the terms of trade in your country (10mks)
- 12. (a) Account for unfavourable terms of trade in your country (10mks)

- (b) What are the measures has your government undertaken to improve on the terms of trade?  
(10mks)
13. (a) Explain then problems that have tended to limit high level of international trade in your country (10mks)  
(b) What are the steps your country is taking to strengthen its trading position? (10mks)
14. (a) Why have less developed countries continued to benefit less than more developed countries in international trade? (10mks)  
(b) What should be done so as to improve on this poor position of less developed countries in international trade? (10mks)
15. (a) Differentiate between balance of trade and balance of payment (4mks)  
(b) Explain the causes of balance of payment deficits in an economy (16 mks)
16. (a) Account for the balance of payment disequilibrium in your country (10MKS)  
(b) What measures should be taken to solve the balance of payment problem in your country? (10MKS)

## ECONOMIC INTEGRATION

### SECTION A

1. Differentiate between :
- (a) Preferential trade area and Free trade area (2mks)  
(b) Customs union and Common market (2mks)

### SECTION B

- 1) (a) What is economic integration? (2 mks)  
(b) Explain the limitations to effective participation in economic integration of your country (18 mks)
- 2) (a) Differentiate between a customs union and an economic union (4 mks)  
(b) Why would you advocate for economic integration among developing countries? (16 mks)
- 3) (a) Explain the costs of economic integration likely to face LDCs.  
(b) In what ways can LDCs benefit more from economic integrations they join?
- 4) (a) Distinguish between a customs union and a common market  
(b) Explain the factors which limit economic integration among developing countries.
- 5) (a) Explain the conditions that are necessary for the successful integration of countries?  
(b) What are the arguments for and against economic integration?
- 6) (a) With relevant examples, explain why economic integration in form of a common market may fail.

- (b) Explain the possible ways of minimizing the obstacles to economic integration in developing countries.
- 7) (a) Outline the objectives of the East African Community.  
(b) What are the challenges of implementing economic integration?
- 8) (a) What do you understand by the term ‘economic integration’?  
(b) Explain the necessary conditions for economic integration to be successful  
© In what ways may economic integration solve the problems of underdeveloped countries?
- 9) (a) Explain the forms of economic integration ( 8 mks)  
(b) What are the merits and demerits of economic integration in developing countries? (12 mks)
- 10) (a) Why should developing countries cooperate through economic integration?(10mks) (b) Explain the factors that have affected the success of economic integration in your country (10mks)

## FOREIGN EXCHANGE

### SECTION A

- 1) (a) Distinguish between overvalued exchange rate and undervalued exchange rate (2 mks)  
(b) Outline any two effects of overvalued exchange rate (2 mks)
- 2) (a) Distinguish between currency revaluation and currency under valuation (2 mks)  
(b) Mention any two effects of currency under-valuation (2 mks)
- 3) (a) Differentiate between currency appreciation and currency depreciation (2 mks) (b) Give any two effects of appreciation of currency (2 mks) SECTION B
- 4) (a) How can devaluation be used to solve the balance of payment problems of a country?  
(b) Why may devaluation fail to be successful in developing countries?
- 5) (a) distinguish between currency devaluation and currency depreciation  
(b) Why has devaluation failed to assist developing countries to attain macro-economic stability?
- 6) (a) Explain devaluation as a means of achieving balance of payment equilibrium.  
(b) Why may devaluation fail to achieve an improvement in the B.OP?
- 7) (a) distinguish between Devaluation and Revaluation (b) Why may a country devalue its currency?
- 8) (a) explain how the exchange rate is determined by demand and supply (b) What are the advantages and disadvantages of floating the exchange rate?
- 9) (a) Distinguish between nominal and real exchange rate  
(b) Explain the merits and demerits of a pegged exchange rate system.
- 10) (a) Distinguish between a floating exchange rate and a fixed exchange rate(4 mks)  
(b) What are the merits and demerits of foreign exchange control in an economy? (16 mks)

11) (a) explain the reasons why a country devalues its currency (10mks) (b) What are the reasons for the failure of the devaluation process? (10mks) 12) What are the effects of devaluation in an economy?

Just for revision s.6 and s.5. 15/4/2020