

P220/2

ECONOMICS

NOV/DEC 2020

3 HOURS

**UGANDA ADVANCED CERTIFICATE OF EDUCATION
ECONOMICS PAPER 2**

INSTRUCTIONS TO CANDIDATES:

- i) Answer **five** questions only.
- ii) Section **A** is **compulsory**. Answers to this section should be concise.
- iii) Answer **four** questions from section B.
- iv) **All** questions in section **B** carry equal marks.
- v) Credit will be given for use of relevant diagrams.
- vi) Any additional question(s) attempted will **not** be marked.

SECTION A (20 MARKS)

Answer all parts of this question.

1. (a) i) Define the term **Market Price**. (01 mark)
ii) Mention any **three** causes of an increase in a commodity's market price in Uganda. (03 marks)
- (b) i) What is meant by **GDP at factor cost**? (01 mark)
ii) In a given country GDP at market prices is **shs 382 billion**, Indirect taxes **shs 27 billion** and subsidies **shs 13 billion**. Calculate **GDP at factor cost**. (03 marks)
- (c) i) What is meant by **Collective bargaining** as used in Labour economics? (01 mark)
ii) State any **three** obstacles to the success of collective bargaining in Uganda. (03 marks)
- (d) i) What is meant by the term **Renewable Resources**? (01 mark)

- ii) Suggest **three** measures to promote sustainable utilization of natural resources in Uganda. (03 marks)
- (e) i) Differentiate between **Monetary policy** and **Fiscal policy**. (02 marks)
- ii) Give any **two** objectives of monetary policy in Uganda. (02 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 demerits of foreign direct investment in Uganda. (10 marks)
3. (a) Examine the factors that influence the rate of economic growth in Uganda. (10 marks)
- (b) Discuss the benefits and costs of economic growth in Uganda. (10 marks)
4. (a) Explain the different methods used to determine wages and salaries of workers in Uganda. (06 marks)
- (b) Discuss the causes of variations in wages and salaries of labour in Uganda. (14 marks)
5. (a) Distinguish between **import substitution** and **export promotion** industrial strategies. (04 marks)
- (b) Assess the implications of adopting the import substitution industrial strategy in Uganda. (16 marks)
6. (a) Explain the **Keynesian theory of unemployment**. (06 marks)
- (b) To what extent is the theory relevant in Uganda? (14 marks)
7. (a) Explain the causes of poor terms of trade in Uganda. (08 marks)
- (b) Suggest measures that can be adopted to improve terms of trade in Uganda (12 marks).

END