

P220/2

ECONOMICS

Paper 2

Nov./Dec. 2011

3 hours



UGANDA NATIONAL EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer five questions.

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) answered will not be marked.

SECTION A :(40 MARKS)

Answer all parts of this question.

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

SECTION B: (60 MARKS)

Answer any three questions from this section.

2. (a) Differentiate between Gross Domestic Product and Net National Product.
(b) Explain the factors that influence the level of national income in your country.
3. (a) Describe the features that influence the level of national income in your country.
(b) Explain the measures being taken to improve the industrial sector in your country.
4. (a) Why is it necessary to compute consumer price indices in your country?
(b) Discuss the difficulties encountered when computing consumer price indices in your country.
5. (a) Explain the causes of inflation in your country.
(b) Suggest measures that should be taken to reduce inflation in your country.
6. (a) What are features of a good economic development plan?
(b) Explain the challenges faced during the implementation of economic development plans in your country.
7. (a) Explain the role of the national budget in your country.
(b) Account for the persistent budget deficits in your country.
8. (a) Distinguish between privatization and nationalization of public enterprises.
(b) Account for the privatization of public enterprises in your country.

END