

INSTRUCTIONS: Section A is compulsory. Choose four (4) other questions in section B

SECTION A

1. a) i) Distinguish between “effective demand” and “derived demand” (02marks)
- ii) Give any two factors that limit effective demand in your country. (02marks)
- b) i) Distinguish between producer’s surplus and Consumer’s surplus (02marks)
- ii) Given that the market price of a commodity is Uganda SHS 650,000, calculate the producer’s surplus in the table below.

Price Ugx	30,000	35,000	40,000	45,000	50,000	55,000	60,000	65,000
Supply	1	2	3	4	5	6	7	8

- c) i) Distinguish between economic profits and Normal profits. (02marks)
- ii) Mention any two factors that influence the level of profits in your country. (02marks)
- d) How is NNP at market prices derived from GDP at factor cost? (04marks)
- e) State four negative effects of a large subsistence sector in your country (04marks)

SECTION B (80 MARKS)

2. a) Account for the fluctuations of prices of primary agricultural products in your country. (10marks)
- b) What are the effects of the fluctuations of prices of primary agricultural products in your country? (10marks)
3. a) Distinguish between “competitive supply” and “joint supply”. (04marks)
- b) Explain the factors that cause low production and supply of goods and services of firms in your country. (16marks)
4. a) Why is National income statistics computed in your country? (10marks)
- b) Explain the obstacles to effective National income accounting in your country. (10marks)
5. a) Distinguish between “income per capita” and “disposable income”. (04marks)
- b) What are the limitations of using income per capita as a measure of change in the standard of living overtime in your country? (16marks)
6. a) Differentiate between “labour productivity” and “labour efficiency” (04marks)
- b) Explain the factors that influence productivity and efficiency of labour in your country. (16marks)