P220/2
Economics
Paper 2
June/July 2022
3 hours

MWALIMU EXAMINATIONS BUREAU

UACE RESOURCE MOCK EXAMINATIONS – 2022

ECONOMICS PAPER 2

3 Hours

INSTRUCTIONS

- This paper consists of two sections: A and B.
- Answer five questions.
- Section A is compulsory.
- Answer four questions from section B.
- All questions in section B carry equal marks.
- Credit will be given for use of relevant illustrations and diagrams.
- Any extra question(s) answered shall not be marked.

FOR EXAMINER'S USE ONLY

Questions Answered		Marks
Section A		
Section B	No	
	No	
	No	
	No	
Total Mark		

SECTION A (20 MARKS)

1. (a) (i) Define the term **resale price maintenance.** **(01 mark)**

(ii) State any three methods of determining prices in your country. **(03 marks)**

(b) (i) What is meant by the term **marginal efficiency of capital?** **(01 marks)**

(ii) Mention any **three** determinants of marginal efficiency of capital. **(03 marks)**

(c) (i) Define the term **government multiplier**. **(01 mark)**

(ii) A country's investment expenditure increases **from shs 630 billion** to **shs 690 billion** while the marginal propensity to consume **(MPC**) is 60%; calculate the final change in national income. **(03 marks)**

(d)(i) What is meant by the term **trade union** as used in labour economics? **(01 mark)**

(ii) State any **three** factors that limits ability of trade unions to raise wage of their members in the country. **(03 marks**)

(e)(i) Define the term **public debt management**, **(01 mark**)

(ii) State any **two** objects of public debt management in your country. **(03 marks**)

SECTION B (80 Marks)

Answer any four questions from this section.

2. (a) Distinguish between a **Change in supply** and a **Change in quantity supplied.** **(04 marks)**

(b) Under what circumstances may supply of a commodity increase when its price remains constant? **(16 marks)**

3. (a) Differentiate between **Real Gross Domestic Product** and **Nominal Gross Domestic Product**. **(02 marks)**

(b) Suggest measures that should be taken to increase the level of National income in your country **(18 marks)**

4. (a) Describe the structure of the industrial sector in your country. **(10 marks)**

(b) Explain the contribution of the industrial sector in the development of your country. **(10 marks)**

5. (a) What is meant by the term **balance of payment?** **(04 marks)**

(b) Account for the persistent balance of payment deficit in your country. **(16 marks)**

6. (a) Distinguish between **capital gains tax** and **corporation tax.** **(04 marks)**

(b) Examine the factors which influence the level of tax revenue in your country.**(16 marks)**

7. (a) Why was there a need to privatize public enterprises in your country? **(10 marks)**

(b) Explain the problems faced during the privatization of public enterprises in your country? **(10 marks)**

End