

P220/2  
ECONOMICS  
Paper 2  
July/August 2019  
3 hours



## WAKISSHA JOINT MOCK EXAMINATIONS

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3 hours

### INSTRUCTIONS TO CANDIDATES:

- Answer **five** questions only.
- Section **A** is **compulsory**. Answers to this section should be **precise and 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 (20 MARKS)

Answer **all** parts of this question.

1. (a) (i) Define the term **producer surplus**. (01 mark)  
(ii) Using the table below, calculate the producer surplus given that the market price is Shs 5,000. (03 marks)

Price (Shs)	1000	2000	3000	4000	5000	6000	7000
Quantity(kg)	1	2	3	4	5	6	7

- (b) (i) What is meant by **commercialization of production**? (01 mark)  
(ii) Give any **three** objectives of commercialization of production in Uganda. (03 marks)
- (c) State any **four** features of the agricultural sector in Uganda. (04 marks)
- (d) (i) Distinguish between **privatization** and **divestiture**. (02 marks)  
(ii) Mention **two** costs of privatization in Uganda. (02 marks)
- (e) (i) Define the term **fiscal policy**. (01 mark)  
(ii) Give **three** instruments of fiscal policy used in Uganda. (03 marks)

## SECTION B (80 MARKS)

Answer only **four** questions from this section.

2. (a) Account for the instability in prices of agricultural products in Uganda. (10 marks)  
(b) What are the effects of the instability in prices of agricultural products in Uganda? (10 marks)
3. (a) Explain the causes of income disparities in Uganda. (10 marks)  
(b) Discuss the measures that have been taken to reduce income disparities in Uganda. (10 marks)
4. (a) What is the rationale for developing the industrial sector in Uganda? (10 marks)  
(b) Explain the constraints to industrial development in Uganda. (10 marks)
5. (a) What are the causes of structural unemployment in Uganda? (06 marks)  
(b) Suggest the measures that may be taken to reduce unemployment in Uganda. (14 marks)
6. (a) Distinguish between banking financial intermediaries and non-banking financial intermediaries. (04 marks)  
(b) Explain the factors that affect credit creation in Uganda. (16 marks)
7. (a) Explain the conditions necessary for successful economic development planning in Uganda. (10 marks)  
(b) Discuss the benefits of economic development planning in Uganda. (10 marks)

**END**