

P220/2
ECONOMICS
Paper 2
July / Aug. 2019
3 hours



UGANDA TEACHERS' EDUCATION CONSULT (UTEC)

Uganda Advanced Certificate of Education

ECONOMICS

Paper 2

3 hours

INSTRUCTIONS TO CANDIDATES:

Answer FIVE questions.

Section A is compulsory. Answers to this Section A should be concise and precise.

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 questions answered will not be marked

SECTION A (20 MARKS)

1. (a) (i) What is meant by the term composite demand? (01 mark)
 (ii) Mention any **three** commodities that have composite demand. (03 marks)
- (b) (i) Given that an increase in price of commodity M from shs. 1,500 to shs. 1,800 resulted into a fall in quantity demanded for commodity N by 40 units to 560 units. (03 marks)
 (ii) Describe the relationship between M and N. (01 mark)
- (c) (i) Differentiate between Average Cost and Marginal Cost. (02 marks)
 (ii) State any two ways of reducing average cost by a producer. (02 marks)
- (d) Give any four characteristics of the formal sector in Uganda. (04 marks)
- (e) (i) Distinguish between liquidity preference and cash ratio. (02 marks)
 (ii) State any **three** causes of high liquidity preference in Uganda. (02 marks)

SECTION B (80 MARKS)

2. (a) Explain the causes of agricultural price fluctuations in Uganda. (10 marks)
 (b) Account for the negative consequences of agricultural price fluctuations in Uganda.
 - Unstable BOP - Unstable exchange rates - Disincentive to agricultural production
 - Low income - Poor planning - Unstable revenue - Low investment
 (10 marks)
3. (a) Why is national income measured in Uganda? (06 marks)
 (b) Explain the factors that influence the level of national income in Uganda. (14 marks)
4. (a) Explain the measures used by Oligopolistic firms to increase sales in Uganda. (14 marks)
 (b) What are the demerits of Oligopoly in Uganda? (10 marks)
5. (a) Distinguish between Agriculture transformation and Agriculture diversification. (04 marks)
 (b) Examine measures being undertaken to improve the performance of the agricultural sector in Uganda. (16 marks)
6. (a) What is meant by an unbalanced budget? (04 marks)
 (b) Explain the significance of a National Budget as a tool of economic analysis in Uganda. (16 marks)
7. (a) Distinguish between the following:
 (i) Private limited company and public limited company.
 (ii) Public corporation and parastatal body
 (iii) Privatization and nationalization
 (iv) Money market and capital market. (08 marks)
 (b) Assess the impact of privatization of public enterprises in Uganda. (12 marks)

END