

P220/2  
ECONOMICS  
Paper 2  
Nov./Dec. 2014  
3 hours



**UGANDA NATIONAL EXAMINATIONS BOARD**

**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 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) attempted will not be marked.*

## SECTION A (20 MARKS)

*Answer all parts of this question.*

1. (a) (i) Differentiate between transfer earnings and transfer payments. (02 marks)  
(ii) Give any two examples of transfer payments in your country. (02 marks)
- (b) (i) What is meant by the **balanced growth strategy** of economic development? (01 mark)  
(ii) State any **three** factors that limit the application of the balanced growth strategy in developing countries. (03 marks)
- (c) State any **four** features of the agricultural sector in your country. (04 marks)
- (d) (i) Distinguish between a **customs union** and a **common market**. (02 marks)  
(ii) State any **two** benefits of economic integration to your country. (02 marks)
- (e) (i) Differentiate between **liquidity ratio** and **liquidity preference**. (02 marks)  
(ii) Mention any **two** reasons for the high liquidity preference in developing countries. (02 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section.*

2. (a) Differentiate between **location** and **localisation** of an industry. (04 marks)  
(b) Assess the impact of localisation of industries in your country. (16 marks)
3. (a) Explain the role of capital in the development of your country. (08 marks)  
(b) Discuss the factors that influence capital accumulation in your country. (12 marks)

4. (a) What is meant by a Trade Union? *(04 marks)*
- (b) Explain the challenges faced by Trade Unions in your country. *(16 marks)*
5. (a) Account for the persistent balance of payments deficits in your country. *(10 marks)*
- (b) Suggest measures that should be taken to reduce balance of payments deficits in your country. *(10 marks)*
6. (a) Explain the causes of unemployment in your country. *(10 marks)*
- (b) Suggest measures that should be taken by the government to reduce unemployment in your country. *(10 marks)*
7. (a) Explain the importance of taxes in your country. *(08 marks)*
- (b) Discuss the demerits of imposing taxes in your country. *(12 marks)*