

P220/2  
ECONOMICS

Paper 2

Nov./Dec. 2016

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 vertical and horizontal integration of firms. (02 marks)  
(ii) Give any two factors limiting the integration of firms in Uganda. (02 marks)
- (b) (i) Distinguish between economic growth and economic development. (02 marks)  
(ii) State any two indicators of economic development in Uganda. (02 marks)
- (c) (i) What is meant by the term labour productivity? (01 mark)  
(ii) Mention any three causes of low labour productivity in Uganda. (03 marks)
- (d) Outline any four factors that limit the operation of the principle of comparative advantage in Uganda. (04 marks)
- (e) (i) What is meant by the term fiscal policy? (01 mark)  
(ii) State any three instruments of fiscal policy used in Uganda. (03 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section.*

2. (a) Account for the low level of investment in Uganda. (10 marks)  
(b) Explain the measures that have been taken to promote the level of investment in Uganda. (10 marks)
3. (a) Why may a country adopt import substitution strategy of industrialisation? (10 marks)  
(b) Explain the limitations of the import substitution strategy of industrialisation in Uganda. (10 marks)

4. (a) Describe the structure of Uganda's population. (10 marks)
- (b) Examine the implications of this population structure on Uganda's economy. (10 marks)
5. (a) Explain the role of infrastructure in the economic development process of Uganda. (10 marks)
- (b) What strategies have been taken by the government of Uganda to improve on the infrastructure? (10 marks)
6. (a) Differentiate between a perspective plan and a comprehensive plan. (04 marks)
- (b) Suggest measures that should be adopted to improve economic development planning in Uganda. (16 marks)
7. (a) Distinguish between a dead weight debt and a funded debt. (04 marks)
- (b) Assess the effects of government borrowing in the development of Uganda. (16 marks)