

P220/2
ECONOMICS
Paper 2
Nov./Dec. 2017
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 **effective demand** and **derived demand**.
(02 marks)
- (ii) Give any **two** factors limiting effective demand for goods and services in Uganda. (02 marks)
- (b) (i) Distinguish between **commercial rent** and **economic rent**.
(02 marks)
- (ii) Give any **two** determinants of economic rent in Uganda. (02 marks)
- (c) State any **four** effects of a young population on Uganda's economy.
(04 marks)
- (d) (i) Define the term **tax evasion**. (01 mark)
- (ii) Mention **three** causes of tax evasion in Uganda. (03 marks)
- (e) (i) What is meant by **balance of payments**? (01 mark)
- (ii) Give any **three** ways of correcting a balance of payments deficit in Uganda. (03 marks)

SECTION B (80 MARKS)

Answer any four questions from this section.

2. (a) Describe the different forms of economic dependence in Uganda.
(08 marks)
- (b) What are the demerits of economic dependence in Uganda? (12 marks)
3. (a) Analyse the factors that influence the rate of economic growth in Uganda
(10 marks)
- (b) Explain the benefits of economic growth in Uganda. (10 marks)
4. (a) Why is there need to modernise the agricultural sector in Uganda?
(10 marks)
- (b) Discuss the factors limiting agricultural modernisation in Uganda.
(10 marks)
5. (a) State the **Iron Law of Wages**. (04 marks)
- (b) To what extent is the Iron Law of Wages applicable in the determination of wages in Uganda? (16 marks)

6. (a) Describe the procedure of compiling the cost of living index. *(08 marks)*
(b) Explain the challenges faced when compiling price indices in Uganda. *(12 marks)*
7. (a) Differentiate between **hyper-inflation** and **mild-inflation**. *(04 marks)*
(b) Describe the measures being taken to control inflation in Uganda. *(16 marks)*