

**P220/2**  
**ECONOMICS**  
**Paper 2**  
**Nov./Dec. 2018**  
**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) Distinguish between **consumption expenditure** and **investment expenditure**. (02 marks)  
(ii) Mention any **two** factors that influence consumption expenditure in Uganda. (02 marks)
- (b) State any **four** roles of public enterprises in Uganda. (04 marks)
- (c) (i) Define the term **demand for labour**. (01 mark)  
(ii) State any **three** factors that determine the demand for labour in Uganda. (03 marks)
- (d) (i) What is meant by **fiduciary issue** in banking? (01 mark)  
(ii) Give any **three** functions of money in Uganda. (03 marks)
- (e) (i) Distinguish between a **specific tax** and an **advalorem tax**. (02 marks)  
(ii) State any **two** demerits of levying a specific tax in Uganda. (02 marks)

## SECTION B (80 MARKS)

*Answer any four questions from this section.*

2. (a) How does a firm in a monopolistic competitive market determine output, price and profits in the:  
(i) short-run, and (06 marks)  
(ii) long-run? (06 marks)
- (b) Explain the merits and demerits of monopolistic competition in Uganda. (08 marks)
3. (a) Differentiate between **economic growth** and **economic development**. (04 marks)
- (b) Suggest measures that should be adopted to increase the rate of economic growth in Uganda. (16 marks)
4. (a) Examine the role of Multi-National Corporations in the economic development of Uganda. (10 marks)
- (b) What problems are faced by Multi-National Corporations in Uganda? (10 marks)
5. (a) Differentiate between **import substitution** and **export promotion** strategies of industrial development. (04marks)
- (b) Assess the impact of import substitution strategy of industrialisation on the development of Uganda's economy. (16 marks)

6. (a) Distinguish between **demand-pull inflation** and **imported inflation**. (04 marks)  
(b) Explain the effects of inflation in Uganda. (16 marks)
7. (a) Account for the persistent debt burden in Uganda. (08 marks)  
(b) Describe the methods being used to reduce the public debt in Uganda. (12 marks)

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