**P220/2**

**ECONOMICS**

**Paper 2**

**Uganda Advanced Certificate of Education**

ECONOMICS

**Paper 2**

3 hours

**INSTRUCTIONS TO CANDIDATES**

* *Answer* ***all*** *questions in section* ***A*** *and any* ***four*** *questions in section* ***B****.*
* ***All*** *questions in section* ***B*** *carry equal marks.*
* *Any additional question(s) will* ***not*** *be marked.*

**Turn Over**

**SECTION A (20MARKS)**

1. (a) (i) Define the term “utility.” 01mark

 (ii) Mention three determinants of Utility in Uganda. 03marks

 (b) (i) Differentiate between marginal product and average product. 02marks

 (ii) Outline two causes of low average productivity of labour. 02marks

 (c) (i) Define the term “Dualism.” 01mark

 (ii) State three indicators of dualism in Uganda . 03marks

 (d) (i) Define the “accelerator principle.” 01mark

 (ii) Given the country‘s GNP at $12,000 billon and change in investment expenditure as $500 billon, marginal propensity to consume 50%. Calculate the final change in the level of National income. 03marks

 (e) (i) Distinguish between dead weight debt and productive debt. 02marks

 (ii) Give two demerits of borrowing to Uganda . 02marks

**SECTION B**

2. (a) How are profits, price and output determined under pure monopoly in the long run? 06marks

 (b) Asses the implications of monopoly firms in Uganda. 14marks

3. (a) Differentiate between outward looking and inward looking development strategies 04marks

 (b) Explain the limitations of inward looking development strategies in Uganda. 16marks

4. (a) Describe the Malthusian theory of population. 06marks

 (b) What are the limitations of Malthusian theory in Uganda? 14marks

5. (a) Explain the obstacles to credit creation in Uganda. 10marks

 (b) What measures can be taken by the government to increase credit creation?

 10marks

6. (a) Account for the persistent budgetary deficits in Uganda. 10marks

 (b) Suggest measures that should be taken to reduce budgetary deficits.

 10marks

7. (a) Explain the contributions of commercial banks in Uganda. 10 marks

 (b) What are the problems faced by commercial banks in Uganda? 10 marks

***END***