**P220/2**

**ECONOMICS**

 **Paper 1**

 **August**

 **3 Hours**



**ELITE EXAMINATION BUREAU MOCK 2016**

**Uganda Advanced Certificate of Education**

ECONOMICS

**Paper 2**

**3Hours**

**INSTRUCTIONS TO CANDIDATES**

* *Section* ***A*** *is compulsory. Answers to this section should be concise precise.*
* *Answer* ***four*** *questions from section* ***B***
* *Credit will be given for use of relevant diagrams.*

**Turn Over**

1. (a) (i) Define the term interest rate. (1mark)

(ii) Mention any three factors that influence the rate of interest in your country. (3marks)

 (b) (i) Distinguish between wage freeze and wage restraint (2marks)

(ii) State any two factors that influence the level of wages in your country. (2marks)

 (c) (i) What is meant by the term tariff barrier? (1mark)

 (ii) Mention any three uses of tariff barriers in your country. (3marks)

(d) (i) Distinguish between frictional unemployment and structural unemployment (2marks)

(ii) Give any two causes of frictional unemployment in developing economies (2marks)

 (e) (i) What is meant by instruments of credit? (1mark)

 (ii) Mention any three instruments of credit in your country. (3marks)

**SECTION B (80 MARKS)**

2. (a) Account for the instabilities in prices of agricultural products in your country. (10marks)

(b) What steps are being taken to reduce the fluctuation in prices of agricultural products in your country? (10marks)

3. (a) Account for the need to promote capital formation is your country. (10marks)

 (b) Explain the factors that limit capital formation in your country. (10marks)

4. (a) Distinguish between taxable base and taxable capacity. (4marks)

 (b) Account for the recent increase in tax returns in your country. (16marks)

5. (a) Why is it relevant to industrialize the economy of your country.(10marks)

 (b) Explain the factors that are limiting the industrialization process in your country. (10marks)

6. (a) What are the causes of persistent deficits in Uganda’s balance of payment position? (10marks)

 (b) What measures are being taken by the government of Uganda to improve the Country’s Balance of payment position? (10marks)

7. (a) Explain why countries carry out development planning. (10marks)

 (b) Explain the challenges faced during implementation of economic development plans in your country. (10marks)

**END**