

**P220/2**  
**ECONOMICS**  
Paper 2  
**July/Aug. 2024**  
3 hours



**UGANDA TEACHERS' EXAMINATIONS SCHEME**

**Uganda Advanced Certificate of Education**

**JOINT MOCK EXAMINATIONS**

**ECONOMICS**

**Paper 2**

**3 hours**

**INSTRUCTIONS TO CANDIDATES:**

*Attempt **five** (5) questions only.*

*Section A is compulsory. Answers to this section should be **precise and concise**.*

*Answer **four** (4) questions from section B.*

*All questions in section B carry **equal** marks.*

*Any additional question(s) attempted will **not** be marked.*

*Credit will be given for use of relevant diagrams.*

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**Turn Over**

**SECTION A: (20 MARK)**  
*Answer all parts of this question.*

1. (a) (i) Differentiate between the **investment multiplier** and the **government multiplier**. *(02 marks)*
- (ii) Given that the **marginal propensity to save** in an economy is 30% and there is a change in investment of shs 270 million; calculate the:
- Investment multiplier, *(01 mark)*
  - Final change in income in the economy. *(01 mark)*
- (b) (i) Distinguish between **economic dependence** and **economic inter dependence**. *(02 marks)*
- (ii) State any **two effects** of economic dependence on Uganda. *(02 marks)*
- (c) (i) Distinguish between **income tax** and **corporation tax**. *(02 marks)*
- (ii) Mr. Amar Lemi earns a gross income of Uganda shillings 75,000,000 and his allowable expenses amounts to Uganda shillings 50,000,000. Using the table below, calculate his
- Chargeable income *(01 mark)*
  - Tax payable. *(01 mark)*

Annual chargeable income	Tax rate (Bracket)
1. Not exceeding shs2,820,000	Nil
2. Exceeding shs 2,820,000 but not exceeding shs 4,020,000	10% of the amount by which chargeable income exceeds shs. 2,820,000
3. Exceeding shs 4,020,000 but not exceeding shs 4,920,000	Shs. 120,000 plus 20% of the amount by which chargeable income exceeds shs 4,020,000.
4. Exceeding shs 4,920,000	(a) Shs 300,000 plus 30% of amount by which chargeable income exceeds shs 4,920,000. (b) Where the chargeable income of an individual exceeds shs 120,000,000 an additional 10% charged on the amount by which chargeable income exceeds shs 120,000,000.

- (d) (i) Differentiate between a **soft loan** and a **hard loan**. (02 marks)
- (ii) State any **two** reasons why Uganda continues to rely on loans. (02 marks)
- (e) (i) Distinguish between a **minimum wage** and a **living wage**. (02 marks)
- (ii) State any **two** factors that influence the level of wages in Uganda. (02 marks)

**Turn Over**

**SECTION B: (80 MARKS)**

Answer any **four** questions from this section

2. (a) Distinguish between **Saving** and **Investment**. *(04 marks)*  
(b) Explain the factors that may lead to an increase in the level of Investment in Uganda. *(16 marks)*
3. (a) Describe the features of the export- import trade in Uganda. *(06 marks)*  
(b) Explain the causes of the limited benefits from the export-import trade in Uganda. *(14 marks)*
4. (a) Account for the rampant open-urban unemployment in Uganda. *(08 marks)*  
(b) What steps have been taken to reduce the rampant open-urban unemployment in Uganda? *(12 marks)*
5. (a) Discuss the tools of monetary policy being employed in Uganda. *(10 marks)*  
(b) What factors affect the successful implementation of the monetary policies in Uganda? *(10 marks)*
6. (a) What is economic development planning? *(04 marks)*  
(b) Why does your country carry out economic development planning? *(16 marks)*
7. (a) Describe the different forms of government expenditure in Uganda. *(10 marks)*  
(b) Account for the persistent budget deficits in Uganda. *(10 marks)*

**END**