Students Name: ....

School Name.. Index Number ....

P220/2
ECONOMICS
Paper 2
3_2 Hours

HES MOCK EXAMINATIONS 2025

UGANDA ADVANCED CERTIFICATE OF EDUCATION

ECONOMICS

PAPER 2

3 HOURS

INSTRUCTIONS

- Answer five questions
- Section A is compulsory, answer to this section should be concise
- Answer four questions from section B
- All questions in section B carry equal marks
- Any extra questions attempted shall not be marked
- Credit will be given for use of relevant diagrams

SECTION A

1. a) (i) Distinguish between a merit good and an economic good. (2 marks)
   (ii) Give any two examples of merit goods in Uganda. (2 marks)

   b) (i) What is meant by economic rent? (1 mark)

   (ii) Given that a factor of production supply price is shs. 50m and its actual earnings is $2\frac{1}{2}$ times its supply price calculate its economic rent (3 marks)

   c) (i) Distinguish between frictional unemployment and cyclical unemployment (2 marks)

   (ii) Suggest any 2 measures to overcome cyclical unemployment in Uganda. (1 mark)

   d) (i) Define the term foreign reserves (1 mark)

   (ii) Give 3 importance of foreign reserves in Uganda (3 marks)

   e) (i) Distinguish between commercial policy and protectionist policy (2 marks)

   (ii) Give any 2 instruments of commercial policy in Uganda. (2 marks)

SECTION B

2. a) Distinguish between increase in supply and a decrease in supply. (4 marks)

   b) Discuss the causes of a decrease in supply for a commodity in Uganda. (16 marks)

3. a) Explain the role of foreign aid in the development of Uganda. (10 marks)
   b) Discuss the problems associated with over reliance on foreign aid in Uganda. (10 marks)

4. a) Account for the low level of wages in Uganda (10 marks)
   b) Examine the instruments used by trade unions to achieve wage

increments for their members in Uganda. (10 marks)

5. a) What is the rationale for encouraging the establishment of foreign commercial banks in Uganda? (10 marks)

   b) Explain the factors which have undermined the growth of commercial banks in Uganda. (10 marks)

6. a) Distinguish between comparative advantage and absolute advantage principles of international trade. (4 marks)

   b) Examine the relevance of the principle of comparative advantage to Uganda. (16 marks)

7. a) How does strict adherence to tax laws benefit tax payers in Uganda? (6 marks)

   b) Discuss the factors that affect tax compliance in Uganda? (14 marks)

END