

ECONOMIC ENVIRONMENT – PAPER 2

1.0 General Performance

Performance was quite good though it slightly declined from 95.15% in the December examinations diet to 94.29%

2.0 PERFORMANCE IN DIVIDUAL QUESTIONS

2.1 Question 1

- This comprised 20 multiple-choice questions each carrying 1 mark.
- The question was well answered; only 7 candidates scored less than 10 out of the 20 marks allocated.

2.2 Question 2

- The question required candidates to: (a) distinguish between micro and macro-economics, normative and positive economic; and give three advantages and three disadvantages of a centrally planned economy.
- This question was not very popular but was reasonably well answered
- Part (a) was not well answered because candidates failed to distinguish between the concepts

2.3 Question 3

- Required candidates to: (a) define the terms: average revenue, marginal revenue, normal profits, and super normal profits; and (b) explain six functions of profits in an economy.
- The question was answered by few candidates and scores were average.
- In part (a) many candidates were not able to define the concepts; instead they used formulae.
- In part (b) many candidates simply outlined the functions of profits instead of explaining.

2.4 Question 4

- Required candidates to: (a) distinguish between 'gross domestic product and 'gross national product', and (b) explain eight factors which determine the level of national income in an economy.
- The question was attempted by almost all the candidates.
- Part (a) was well answered; part (b) was fairly answered because candidates only explained one side instead of the two sides since this was a neutral question

2.5 Question 5

- Required candidates to: (a) define 'non-banking financial intermediary'; (b) outline four liabilities of a commercial bank; and (c) explain seven functions of commercial banks in their country.
- The question was attempted by few candidates but the scores were high. Nevertheless, some candidates were not able to define financial intermediary and to outline the liabilities of a commercial bank

2.6 Question 6

- Required candidates to (a) define the term 'economic integration', (b) explain four conditions necessary for the success of economic integration, and (c) give seven benefits of the East Africa Community common market to Uganda's economy .
- The question was answered by many candidates.
- Part (a) was well answered; part (b) was largely misunderstood. Many candidates failed to give the conditions required.
- Part (c) was well answered; candidates were able to give the benefits

2.7 Question 7

- Required candidates to: (a) define the term 'privatisation', (b) explain six reasons for privatisation, and (c) give six problems encountered in the privatisation process in their country.
- The question was answered by almost all candidates.
- Part (a) was well answered; part (b) was averagely answered because candidates gave advantages instead of reasons for privatisation; part (c) was equally inadequately answered because candidates gave disadvantages instead of problems!