

**ECONOMICS– PAPER 7****1.0 General Performance**

- This improved by 17.17% from 68.37% for December 2010 to 85.54% this sitting. Candidates were better prepared for the examination this time round.

**2.0 PERFORMANCE IN INDIVIDUAL QUESTIONS****2.1 Question 1**

- This was a set of 20 multiple-choice questions.
- This had a variety of questions that covered about 80% of the syllabus. It was very well answered with most of the candidates scoring above 10 out of the 20 marks allocated.

**2.2 Question 2**

- This was a very popular question and required candidates to: (a) distinguish between 'capital formation' and 'capital appreciation', (b) explain eight factors that affect the level of capital formation in most developed countries.
- Part (a) put off most candidates. The distinction was very poor and many candidates failed it.
- Part (b) was well answered.

**2.3 Question 3**

- Required candidates to: (a) define (i) increase in supply and (ii) increase in quantity supplied (b) explain the factors that lead to a decrease in supply.
- This was a very popular question but poorly answered.
  - In parts (a) (i) and (ii) the definitions were poor; many candidates defined a decrease in supply and mixed it up with demand.
  - Part (b) was also poorly answered. Candidates discussed about an increase in supply instead of the factors that lead to a decrease in supply.

**2.4 Question 4**

- Required candidates to: (a) define the private sector; (b) give eight problems faced by the private sector in Uganda and (c) suggest four measures that can promote the private sector in Uganda.
- In part (a) some candidates gave measures that the government has already put in place instead of suggesting what the government should do.
  - The question was fairly well answered overall.

**2.5 Question 5**

- Required candidates to: (a) define (i) cost of living and (ii) standard of living, (b) explain eight factors that influence a people's standard of living.
- The question was a little more popular than question 2.
  - In part (a) the definitions were mixed up. Part (b) was relatively well answered.

**2.6 Question 6**

- Required candidates to: (a) define cost-push, demand-pull and structural inflation, and (b) give seven reasons for persistent inflation in Uganda.
- In part (a) the definitions were very good except for structural inflation.
- In part (b) the reasons for persistent inflation were well also given.

**2.7 Question 7**

- Required candidates to: (a) define the term 'monetary policy', (b) explain six tools of the monetary policy, and (c) give six limitations to the successful implementation of the monetary policy in Uganda.
- Part (a) was fairly well attempted since most candidates scored, on average, 16 out of the 20 marks allocated.
- In part (b) the six tools of the monetary policy were given and well explained. Most candidates scored almost all the marks allocated for this part of the question.
- In part (c) many candidates did not understand the meaning of the word 'limitation' and hence the question was not well answered.