INSTRUCTIONS:
- This paper consists of two sections; A and B
- Section A is compulsory. Questions in this section require precise and concise answers.
- Attempt only four questions from section B. Rubrics shall not be marked
- Questions in section B carry equal marks.

SECTION A (Compulsory - 20 marks)

1. a) i) Distinguish between capital formation and capital accumulation. (2 marks)
   ii) State the factors that influence investment level in Uganda. (2 marks)

b) State four features of Uganda’s formal sector. (4 marks)

c) Give four factors which are responsible for the low tax revenue in Uganda. (4 marks)

d) i) What is a private sector? (1 mark)
   ii) Outline the challenges facing Uganda’s private sector. (3 marks)

e) i) Distinguish between terms of trade and balance of trade. (2 marks)
   ii) State four reasons for instabilities in Uganda’s terms of trade. (2 marks)

SECTION B (Answer four questions - 80 marks)

2. a) What is meant by commercialisation? (4 marks)
   b) Explain the factors which have retarded the growth of Uganda’s commercial sector? (16 marks)

3. a) Account for the slow rate of employment creation in Uganda. (10 marks)
   b) What measures are being taken to create more employment opportunities in Uganda? (10 marks)
4. a) Explain the causes of the persistent inflation existing in Uganda. 
   b) What measures are being undertaken to control inflation in Uganda? 

5. a) Explain why foreign aid is a major component of LDCs development budget. 
   b) Explain the dangers faced by Uganda due to relying on foreign aid. 

6. a) What are the causes of budgetary deficits in Uganda? 
   b) What measures are taken to solve the problem of budgetary deficits in Uganda? 

7. a) Why is there need for economic development planning in Uganda? 
   b) Explain the reasons for plan failures in Uganda. 

GOOD LUCK