© SENSE 2025

END OF YEAR EXAMINATION – 2025
SENIOR FIVE – ECONOMICS (PAPER 2)
Time: 2 Hours 30 Minutes

INSTRUCTIONS
- *Attempt* **ALL** *Items in Section A and* ***ANY TWO*** *Items in Section B.*
- *Use diagrams, data interpretation, and applied reasoning where relevant.*
- *Credit will be given for: Critical analysis, Interpretation of data, Accuracy of diagrams, Use of relevant Ugandan examples, and Coherent argumentation*

SECTION A: DATA RESPONSE (40 marks)
Compulsory

ITEM 1: DATA SET A – PRICE & SUPPLY RESPONSE IN SORGHUM
The following table shows market data collected from sorghum traders in Abim District over six weeks.

Week	Average Market Price (Shs/Kg)	Quantity Supplied (Tonnes)	Quantity Demanded (Tonnes)
1	1,000	24	36
2	1,200	30	34
3	1,400	38	31
4	1,600	44	28
5	1,800	50	25
6	2,000	55	22

Tasks:

a) Using the data, draw **separate supply and demand curves** and show the **approximate equilibrium price**. ***(6 marks)***

b) Explain the relationship between price and:
(i) Quantity supplied
(ii) Quantity demanded
Use evidence from the table. ***(4 marks)***

c) Assume government announces a **minimum price of Shs 1,800 per kg**. Using the table, analyse the likely consequences for:
(i) Market surplus
(ii) Storage and wastage
(iii) Farmers' income stability
(6 marks)

d) Suggest **two policy measures** government can implement to manage the surplus created by the minimum price. ***(4 marks)***

Ssensalire Rajab
Digitally signed by Ssensalire Rajab
DN: OU=Secondary Education, O=Ministry of Education and Sports, CN=Ssensalire Rajab, E=ssensalirerajab@gmail.com
Reason: your signing reason here
Location: your signing location here
Date: 2025.11.21 16:37:20+03'00'
Foxit PDF Editor Version: 2024.1.0

ITEM 2: DATA SET B – NATIONAL INCOME & POVERTY TRENDS

The Uganda Bureau of Statistics (UBOS) released the simplified macroeconomic summary below:

Indicator	**2020**	**2021**	**2022**	**2023**
GDP at Market Prices (Trillion Shs)	146	152	162	177
Population (Millions)	43.3	44.4	45.7	47.0
Household Poverty Rate (%)	21.4	20.1	20.3	21.0
Investment Expenditure (% of GDP)	19%	17%	18%	20%

Task:

a) Calculate Uganda's **per capita income** for 2020 and 2023. ***(4 marks)***

b) Explain **three reasons** why poverty may increase even when GDP is rising. Use evidence from the table. ***(6 marks)***

c) Using Uganda's data, analyse the **limitations of per capita income** as a measure of economic welfare. ***(6 marks)***

d) Discuss **two interventions** that could reduce poverty in Uganda despite population growth. ***(4 marks)***

SECTION B: SCENARIO ESSAYS (60 marks)

Answer ANY TWO Items

Each question carries ***30 marks***

ITEM 3 SCENARIO: STRUGGLING SMALL MANUFACTURING FIRMS IN MBALE

Mbale Industrial Park hosts many small agro-processing firms. Over the last two years:

- Electricity outages increased production costs
- Imported machinery became more expensive
- Firms reported declining output despite hiring more workers
- New competitors from Kenya and Tanzania entered the market
- Government introduced a grant for SMEs that meet quality standards

Task:

Using **production theory and market structures**, analyse:

a) The possible reasons for rising average costs among the Mbale firms

b) How diminishing returns could affect their productivity

c) The competitive pressures from regional firms

d) Measures that government and firms can take to improve efficiency and competitiveness

(30 marks)

Ssensalire Rajab
Digitally signed by Ssensalire Rajab
DN: OU=Secondary Education, O=Ministry of Education and Sports, CN=Ssensalire Rajab, E=ssensalirerajab@gmail.com
Reason: your signing reason here
Location: your signing location here
Date: 2025.11.21 16:37:20+03'00'
Foxit PDF Editor Version: 2024.1.0

ITEM 4 SCENARIO: A DISTRICT CONSIDERING AN ECONOMIC DEVELOPMENT STRATEGY

Leaders in a district in Northern Uganda are designing a new **5-year development plan**.

They must choose among three options:

1. **Balanced Growth** – simultaneous investment in all sectors
2. **Unbalanced Growth** – prioritising transport infrastructure and agro-processing
3. **Big Push** – large-scale irrigation, electricity, and industrial hubs

Task:

Considering the district's limited budget, low incomes, high youth unemployment, and abundant agricultural potential, evaluate:

a) The suitability of each strategy
b) Likely constraints in implementation
c) The most appropriate strategy for the district and why

(30 marks)

ITEM 5 SCENARIO: COFFEE PRICE VOLATILITY IN CENTRAL UGANDA

Coffee farmers in Central Uganda have experienced strong price fluctuations over the past three seasons. A study revealed:

- Shocks in global demand
- Climate variability affecting harvests
- Many farmers lack storage facilities
- Traders sometimes collude to set buying prices
- Farmers have diversified into bananas, vanilla, and poultry

Task:

Discuss:

a) The causes of price fluctuations affecting coffee farmers
b) How price elasticity of supply and demand influence incomes
c) The implications of trader collusion
d) How farmers and government can stabilise incomes and reduce vulnerability

(30 marks)

Ssensalire Rajab
Digitally signed by Ssensalire Rajab
DN: OU=Secondary Education, O=Ministry of Education and Sports, CN=Ssensalire Rajab, E=ssensalirerajab@gmail.com
Reason: your signing reason here
Location: your signing location here
Date: 2025.11.21 16:37:20+03'00'
Foxit PDF Editor Version: 2024.1.0

ITEM 6 SCENARIO: PERSISTENT UNDERDEVELOPMENT IN BWERA TOWN COUNCIL

Despite being a border town with active trade, Bwera experiences:

- High youth unemployment
- Low savings and limited financial inclusion
- Poor health outcomes
- Slow household income growth
- Dominance of petty trade and informal services

Task:

Using **economic development theories and poverty concepts**, analyse:

a) Why Bwera may be experiencing underdevelopment
b) How the vicious cycle of poverty is manifested
c) What indicators show limited economic development
d) Practical measures for breaking the cycle of poverty in the town

(30 marks)

ITEM 7 SCENARIO: NATIONAL INCOME ESTIMATION CHALLENGES IN UGANDA

The informal sector contributes more than 45% of Uganda's GDP. UBOS reports persistent difficulties in compiling national accounts because of:

- Unrecorded transactions
- Cash-based operations
- Home-based production
- Poor record-keeping by SMEs
- Growth of digital platforms (mobile money, online trade)

Task:

Using national income theory, examine:

a) Why informal activities complicate measurement
b) Errors likely to arise from the three methods of national income measurement
c) Consequences of inaccurate national income statistics
d) Measures UBOS can adopt to improve accuracy

(30 marks)

END OF PAPER

Ssensalire Rajab
Digitally signed by Ssensalire Rajab
DN: OU=Secondary Education, O=Ministry of Education and Sports, CN=Ssensalire Rajab, E=ssensalirerajab@gmail.com
Reason: your signing reason here
Location: your signing location here
Date: 2025.11.21 16:37:20+03'00'
Foxit PDF Editor Version: 2024.1.0