



UGANDA MANAGEMENT INSTITUTE

POSTGRADUATE DIPLOMA IN PUBLIC ADMINISTRATION AND
MANAGEMENT (DPAM) K'LA; MRA; GULU, MBL (WKD)

SECOND SEMESTER EXAMS 2015/2016

MODULE: ECONOMICS AND PUBLIC FINANCE

Date: Tuesday 4 October 2016

Time: 09.00 AM – 12.00 NOON

INSTRUCTIONS

1. Answer **FOUR** Questions.
2. Question **ONE** of Section A is compulsory and carries 40 marks.
3. Answer any other **THREE** Questions from Section B. Each question carries **20 marks**.
4. Write clearly and legibly.
5. **Do not** write anything on the question paper.
6. **Do not** take Mobile Phones into the examination room.
7. Follow the instructions of the examination supervisor.
8. Indicate questions answered on the Answer Sheet in the column of Questions.

This paper consists of 4 printed pages

SECTION A:**COMPULSORY****40 MARKS****QUESTION ONE**

Managerial economics comprises all tools of economic analysis that are applied in decision making processes given resource constraints. As Public Administrators. The knowledge of economics and public finance is essential if Public Administrators are to gain an understanding of the behaviour, strategy, and performance of the different units of economic analysis, as well as the general working of the markets. This understanding can inform the decisions that are taken by governments and other players in the economy of a country.

Required:

- a) Explain how managerial economics can be used in the process of managing the growth and development of a country such as Uganda. **(20 Marks)**
- b) Discuss the role that Government can play in the management of an economy in a country such as Uganda. **(20 Marks)**

SECTION B: ANSWER ANY THREE QUESTIONS FROM THIS SECTION**QUESTION TWO**

“Price elasticity of demand” informs many decisions made by individuals, households, firms and governments. Discuss the important of price elasticity of demand in the management of an economy. **(20 Marks)**

QUESTION THREE

- a) Capital is a critical factor of production. Explain the factors that influence the level of capital accumulation in an economy. **(10 Marks)**
- b) With practical examples, discuss five (5) reasons why the Government of Uganda levy's consumption tax. **(10 Marks)**

QUESTION FOUR

In the previous decade, the Ugandan economy has been experiencing persistent price increase for most commodities. This has been caused by various factors with different macro and micro implications.

Required:

Discuss the triggers of inflation in the Ugandan economy. **(20 Marks)**

QUESTION FIVE

The Government of Uganda is in the forefront of advocating for an integrated Africa so to have a stronger and stable contract that can benefit from the proceeds of integration.

Required

- a) Discuss the preconditions for an effecting regional integration of countries. **(10 Marks)**
- b) Discuss the positive attributes of integrated economies. **(10 Marks)**

QUESTION SIX

Uganda, like many economies is unable to fund her development and recurrent budgets without deficits. As a student of Economics and Public Finance, provide guidance on how best the Government of Uganda can finance and manage the budget deficits.

(20 Marks)



END