



## TRINITY COLLEGE NABBINGO

### S.5 ECONOMICS REVISION EXERCISE 2

1. (a) (i) What is meant by **cost of production**?  
(ii) Why do firms incur high production costs in Uganda?

(b) Study the table below and fill in the spaces.

Units of output	Fixed costs	Variable costs	Total cost	Average cost	Marginal cost	Average fixed cost	Average variable cost
0		0	18				
1		15.2	33.2				
2		28.4	46.4				
3		40.0	58.0				
4		50.4	68.4				
5		60.0	78.0				
6		70.0	88.0				

- (c) (i) Distinguish between **internal** and **external economies of scale**.  
(12 marks)  
(ii) Give any **two** examples of internal economies of scales enjoyed by firms in Uganda.
- (d) (i) What is meant by **external diseconomies of scale**.  
(ii) Mention any **three** external diseconomies of scale experienced by firms in Uganda.
- (e) (i) Define the term **entrepreneur**.  
(ii) State any **three** factors responsible for the low level of supply of entrepreneurs in Uganda.

### SECTION B

2. (a) What is the difference between **pecuniary economies of scales** and **real economies of scale**.

- (b) Explain why small scale firms prefer to remain small instead of expanding so as to enjoy the advantages of large scale production.
3. (a) Differentiate between *land* and *capital*.  
(b) Discuss the constraints to capital accumulation in Uganda.

**END**

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