



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Business & Social Studies***

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT  
DIPLOMA IN HUMAN RESOURCE MANAGEMENT  
DIPLOMA IN SALES MANAGEMENT  
DIPLOMA IN BUSINESS MANAGEMENT

**BAC 2105: MACRO ECONOMICS**

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2015

**TIME:** 2 HOURS

**INSTRUCTIONS:**

- This paper consists of **FIVE** questions.
- Answer question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

***This paper consists of Two printed pages.***

### QUESTION 1 (Compulsory)

- a) Define the following economic terms:
- i) Balance of payment
  - ii) Gross National Product (GNP)
  - iii) Per Capita Income
  - iv) Unemployment
  - v) Inflation
- (10 marks)
- b) Explain **FIVE** factors that contribute to the growth of national income in Kenya. (10 marks)
- c) Briefly discuss the **THREE** distinctive motives for holding money by an individual. (6 marks)
- d) Mention any **THREE** determinants of interest rates in a country. (4 marks)

### QUESTION 2

- a) Examine the **FIVE** roles of planning in an economy. (10 marks)
- b) i) Discuss any **FOUR** objectives played by monetary policies in a given nation. (8 marks)
- ii) What is a fiscal policy. (2 marks)

### QUESTION 3

- a) Discuss any **FIVE** problems faced by the private sector in your country. (10 marks)
- b) Explain **FIVE** limitations of using national income statistics to compare the standards of living in different countries. (10 marks)

### QUESTION 4

- a) Assess the impact of inflation in a country like Kenya. (10 marks)
- b) As an advisor of the Government of Kenya, suggest any **FIVE** measures that would be used to reduce the level of unemployment in the country. (10 marks)

### QUESTION 5

“Kenya should adopt an industrial development strategy rather than an agricultural one if it is to attain a faster rate of economic growth”. Discuss. (20 marks)