



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

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT  
DIPLOMA IN LOGISTICS AND TRANSPORT MANAGEMENT  
DIPLOMA IN HUMAN RESOURCE MANAGEMENT  
DIPLOMA IN BUSINESS ADMINISTRATION  
DIPLOMA IN BUSINESS MANAGEMENT

**BAC 2105: MACRO ECONOMICS**

SPECIAL/SUPPLEMENTARY EXAMINATIONS

**SERIES: FEBRUARY 2015**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

- This paper consists of **FIVE** questions.
  - Answer question **ONE (Compulsory)** and any other **TWO** questions.
- This paper consists of Three printed pages.***

### QUESTION 1 (Compulsory)

- a) Define the following economic terms:
- i) Money demand
  - ii) Terms of trade
  - iii) Unemployment
  - iv) Gross Domestic product
  - v) Per capita income
- (10 marks)
- b) Justify the need to estimate the national income of Kenya as a country. (6 marks)
- c) Explain **SIX** advantages that Kenya gains by being a member of the East African Community. (6 marks)
- d) Briefly discuss the **THREE** distinctive motives for holding money by an individual. (6 marks)
- e) Outline **TWO** factors that determine the rate of interest in an economy. (2 marks)

### QUESTION 2

- a) Explain the **SIX** causes of high levels of unemployment in developing countries. (12 marks)
- b) i) Describe **FOUR** objectives of monetary policies in any given nation. (4 marks)
- ii) Explain the **TWO** causes of inflation in a country. (4 marks)

### QUESTION 3

- a) Discuss **FIVE** economic policy options that are available to a government that wishes to promote economic growth in the country. (10 marks)
- b) Describe **FIVE** roles the Central Bank plays in a nation. (10 marks)

### QUESTION 4

- a) Recently the government has been emphasizing the concept of protectionism. This has been well covered by the press and the media. Argue the case for protectionism pursued by the government. (10 marks)
- b) As an advisor of the Kenya government, suggest any **FIVE** measures to curb inflation in a country. (10 marks)

## QUESTION 5

- a) Describe any **FIVE** common characteristics of less developed countries. **(10 marks)**
- b) Discuss **FIVE** limitations of using national income statistics to compare the standards of living in different countries. **(10 marks)**