

**TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS**

DEPARTMENT OF MANAGEMENT SCIENCE

**DIPLOMA IN PROCUREMENT AND MATERIALS MANAGEMENT
DIPLOMA IN HUMAN RESOURCE MANAGEMENT
DIPLOMA IN BUSINESS ADMINISTRATION
DIPLOMA IN ACCOUNTANCY
DIPLOMA IN BUSINESS MANAGEMENT
DIPLOMA IN SALES MANAGEMENT**

BAC 2105: MACROECONOMICS

END OF SEMESTER EXAMINATIONS

SERIES: MAY 2016

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.

SECTION A (COMPULSORY)

QUESTION ONE:

- (a) Distinguish between the following terms as used in Modern Economics:-
- (i) Micro economics and Macro economics
 - (ii) Gross Domestic Product and Gross National Product
 - (iii) Commercial Bank and Central Bank
 - (iv) Monetary Policy and Fiscal Policy
 - (v) Absolute advantage and Comparative advantage **(10 marks)**
- (b) “Money is just but a function of FIVE” Highlight this statement. **(5 marks)**
- © Highlight FIVE limitations of using national income statistics to indicate the standard of living in a country like Kenya. **(5 marks)**
- (d) Outline **FIVE** objectives that fiscal policies seek to achieve in an economy. **(5 marks)**
- (e) Highlight **FIVE** importance of economic planning in a country like Kenya. **(5 mark)**

SECTION B

QUESTION TWO:

- (a) Discuss **FIVE** factors that contribute to slow economic growth rates in developing countries **(10 marks)**
- (b) Describe any **FIVE** roles played by the Central Bank in an economy of a country. **(10 marks)**

QUESTION THREE:

- (a) Discuss **SIX** uses of national income statistics to a country like Kenya. **(12 marks)**
- (b) Elaborate **FOUR** limitations of barter trade system **(8 marks)**

QUESTION FOUR:

- (a) Explain **SIX** consequences of high levels of unemployment in developing countries. **(12 marks)**
- (b) Account **FOUR** causes of inflation that Kenya is grappling with. **(8 marks)**

QUESTION FIVE:

- (a) Giving examples, illustrate the economic policies options that the Government of Kenya may wish to pursue in achieving Vision 2030 **(12 marks)**
- (b) Explain **FOUR** major reasons why foreign aid is useful to developing countries. **(8 marks)**