



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

Department of Management Science

**UNIVERSITY EXAMINATIONS FOR DEGREE IN:
BACHELOR OF BUSINESS ADMINISTRATION
BACHELOR OF COMMERCE**

BFI 4103 : INTRODUCTION TO MACROECONOMICS

END OF SEMESTER EXAMINATIONS

SERIES: MAY 2016

TIME: 2 HOURS

INSTRUCTIONS

Answer Question **ONE (Compulsory)** and any other **TWO** Questions.

QUESTION 1

a) Given the following information for output approach find the questions below:

	Kshs. Million
Agriculture, forestry and fishing	4,296
Mining and quarrying	6,700
Manufacturing	28,965
Construction	15,550
Services	13,220
Net exports	3,000
Appreciation in stock	2,000
Income paid abroad	15,432
Income received from abroad	1,766
Indirect taxes	599
Subsidies	333
Depreciation of capital	1,545

Compute the value for:

- (i) GDP at market price (8 marks)
 - (ii) GNP at market price (2 marks)
 - (iii) GNP at factor cost (2 marks)
 - (iv) NI (2 marks)
- b) Highlight any **FOUR** characteristics of a developing country. (8 marks)
- c) Discuss briefly the arguments against free trade. (8 marks)

QUESTION 2

- a) Discuss the limitations of using per capital income as a basis of comparing the standard of living in different countries. (10 marks)
- b) Discuss the functions of the Central Bank of Kenya. (10 marks)

QUESTION 3

- a) Discuss the ways in which Kenya can protect its industries from foreign competition. (8 marks)
- b) Discuss the characteristic of money. (12 marks)

QUESTION 4

- a) Kenya is currently facing the problem of unemployment. Suggest measures that a government may undertake in order to control the level of unemployment. (10 marks)
- b) What are some of the limitations of using per capita income as a measure of economic growth? (10 marks)

QUESTION FIVE

- a) Discuss the effects of inflation in an economy. (10 marks)
- b) Discuss briefly **FIVE** determinants of consumption. (10 marks)