



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 income approach, find the questions below:

	Kshs. Million
Total wages and salaries received	255,650
Total interest and dividends received	10,000
Total rent and imputed rent	80,880
Gross trading profits from companies	65,500
Total income of self-employed	33,700
Income paid abroad	54,345
Income received from abroad	76,680
Capital consumption	445

Required:

- (i) GDP at factor cost. **(6 marks)**
- (ii) GNP at factor cost. **(2 marks)**
- (iii) N1 **(2 marks)**

- b) Discuss the limitations of barter trade. **(10 marks)**
- c) Discuss monetary policies tools that a government may use in controlling the volume of money in circulation. **(10 marks)**

QUESTION 2

- a) Discuss the factors influencing the size of national income in a country. **(10 marks)**
- b) Discuss the functions of Commercial Bank. **(10 marks)**

QUESTION 3

- a) Discuss the reasons for slow pace of economic development in developing countries. **(10 marks)**
- b) Discuss the case for free trade. **(10 marks)**

QUESTION 4

- a) Discuss the functions of money. **(8 marks)**
- b) Discuss the differences in domestic and international trade. **(12 marks)**

QUESTION FIVE

- a) Discuss the types of unemployment. **(10 marks)**
- b) Discuss the causes of inflation. **(10 marks)**