



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

MANAGEMENT SCIENCE DEPARTMENT

COURSE/CLASS: BACHELOR OF COMMERCE-BCOM/BBA Y2S2

UNIT CODE: BFI 4202

UNIT NAME: INTERMEDIATE MACRO ECONOMICS

SERIES: MAY, 2016

PAPER DURATION: 2 HOURS

NO OF STUDENTS: 40

INSTRUCTIONS TO CANDIDATES:

Answer question ONE (Compulsory) and any other TWO questions.

Question One

- (a) Examine the determinants of consumption level in a country (8 marks)
- (b) The following equation describe a certain economy
- | | | | | |
|----------------|---|------------------------|---|------------------------|
| C | = | 90 + 0.9y _d | - | Consumption Function |
| I | = | 200 – 1000 r | - | Investment Function |
| G | = | 600 | - | Government Expenditure |
| T | = | 0.3 y | - | Tax Function |
| M _d | = | Y – 10,000 r | - | Demand for Money |
| M ₃ | = | 400 | - | Money Supply |
- (6 marks)
- (c) Examine **FOUR** objectives of monetary policies (8 marks)
- (d) Examine **FOUR** determinants of transactionary demand for money (8 marks)

Question Two

- (a) Examine **FIVE** role of foreign aid in the economic development of your country (10 marks)
- (b) Examine **FIVE** ways of improving small and medium enterprises in your country (10 marks)

Question Three

- (a) Explain **FIVE** factors that limit the successful implementations of Monetary Policy in your country (10 marks)
- (b) Export promotion is one of the strategies used to improve a country's balance of payments. Assess the implications of adopting export promotion by your country (10 marks)

Question Four

- (a) Derive the IS and LM curve using diagrams. (10 marks)
- (b) Describe the following terms:-
- Philips curve
 - Multiplier concept
 - Accelerator principle
- (10 marks)

Question Five

- (a) Assess the contribution of multinational corporations to the development of your country
(12 marks)
- (b) Examine **FOUR** drawbacks of using per capita income for comparing welfare of citizens
(8 marks)