



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:

|                                       | <b>Kshs. Million</b> |
|---------------------------------------|----------------------|
| 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)**