



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

$$C = 90 + 0.9y_d - \text{Consumption Function}$$

$$I = 200 - 1000r - \text{Investment Function}$$

$$G = 600 - \text{Government Expenditure}$$

$$T = 0.3y - \text{Tax Function}$$

$$M_d = Y - 10,000r - \text{Demand for Money}$$

$$M_3 = 400 - \text{Money Supply} \quad (6 \text{ marks})$$

(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:-

(i) Philips curve

(ii) Multiplier concept

(iii) 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)