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**TECHNICAL UNIVERSITY OF MOMBASA**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF MANAGEMENT SCIENCE**

**UNIVERSITY EXAMINATION FOR:**

**DIPLOMA IN HUMAN RESOURCE MANAGEMENT**

**DIPLOMA IN BUSINESS MANAGEMENT**

**DIPLOMA IN PURCHASING AND MATERIALS MANAGEMENT**

**DIPLOMA IN FRONT OFFICE**

**DIPLOMA IN SALES MANAGEMENT**

**DIPLOMA IN BUSINESS ADMINISTRATION**

**DIPLOMA IN ACCOUNTING**

**BAC 2105: MACRO ECONOMICS**

**END OF SEMESTER EXAMINATION**

**SERIES: AUGUST<sub>2019</sub>**

**TIME: 2HOURS**

**DATE: 24Jun<sub>2019</sub>**

**Instructions to Candidates**

You should have the following for this examination

*-Answer Booklet, Calculator, examination pass and student ID*

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

**Do not write on the question paper.**

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### **Question ONE**

- a) Highlight and explain FIVE importance of national income accounting to a country (10 marks)
- b) With illustration, describe the relationship between inflation and unemployment using the Phillip's curve (10 marks)
- c) Using a diagram, describe the fluctuations in GDP over time in an economy (10 marks)

### **Question TWO**

- a) Outline and explain FIVE reasons for slow economic growth in LDC's (10 marks)
- b) Explain FIVE major causes of unemployment in world economies (10 marks)

### **Question THREE**

- a.) Explain FIVE features of a good tax system (10 marks)
- b) Describe FIVE roles of foreign exchange in the Kenyan economy. (10 marks)

### **Question FOUR**

- a) The Kenyan budget was recently read and has a high deficit.
  - i) Explain FOUR causes of this trend (6 marks)
  - ii) Describe FOUR policy measures that can be used to combat the above trend (4 marks)
- b) Explain FIVE challenges of Economic planning in third world countries (10 marks)

### **Question FIVE**

- a) Identify and explain FIVE factors that determine investment levels in a country (10 marks)
- b) i) Describe FOUR qualities of money (4 marks)
  - ii) Expound on the THREE major reasons for demanding money (6 marks)

