



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT SCIENCE

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN PURCHASING AND MATERIALS MANAGEMENT

DHRM, DBM, DBA, DFOO, DSSO, DACC

DIPLOMA IN SALES MANAGEMENT

BAC 2105 MACROECONOMICS

END OF SEMESTER EXAMINATION

SERIES: APRIL 2022

TIME: 2HOURS

DATE: APRIL 2022

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, 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.

Question ONE

- (a) State **four** importance of macroeconomics. (4 Mks)
- (b) Distinguish between Gross Domestic Product and Gross National Income (2 Mks)
- (c) Before the emergence of money, exchange of goods was by barter trade. Highlight **two** difficulties of barter trade. (4 Mks)
- (d) Inflation is a situation where there's persistent rise in general price level. State **four** causes of inflation in Kenya. (4 Mks)
- (e) Explain any **three** types of unemployment witnessed in developing countries. (4 Mks)
- (f) Explain any **three** reasons why countries engage in international trade. (6 Mks)
- (g) Point out **three** characteristics of developing nations. (6 Mks)

Question TWO

(a) Discuss **five** instruments of monetary policy used to control and regulate money supply by the central banking authorities. **(10 Mks)**

(b). Elaborate any **five** advantages of free trade to a developing economy like Kenya. **(10Mks)**

Question THREE

(a) The per capita income of Kenya is about two times that of Uganda. Does this imply that the standard of living in Kenya is two times that of Uganda? Discuss **(10 Mks)**

(b) Discuss any **five** economic effects of high inflation level in a country. **(10Mks)**

Question FOUR

(a). Present any **five** differences between macroeconomics and microeconomics. **(10Mks)**

(b). Discuss **five** policies that the government may use to reduce unemployment problems in Kenya. **(10Mks)**

Question FIVE

(a) Developing nations have not been able to stabilize economic growth for a long time. Explain **five** obstacles that have hindered the growth of such nations. **(10Mks)**

(b) Using a diagram, explain the circular flow of income in an open economy **(10 Mks)**