



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF
BUSINESS ADMINISTRATION WITH IT, BACHELOR OF LOGISTICS AND
SUPPLY CHAIN MANAGEMENT
2ND YEAR 2ND SEMESTER 2023/2024 ACADEMIC YEAR
MAIN CAMPUS AND KISUMU CAMPUS/NAIROBI CAMPUS

COURSE CODE: BAB: 1210/BEB: 1204.

COURSE TITLE: INTERMEDIATE MACROECONOMICS

EXAM VENUE: LAB 3

STREAM: (BBA/BLSCM)

DATE: 23/04/2024

EXAM SESSION: 14.00 – 16.00 PM

TIME: 2 HOURS

INSTRUCTIONS

- 1. Answer Question ONE (COMPULSARY) and ANY other two (2) questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE (30 MARKS)

- a) Explain the concept of economic growth? (4 marks)
- b) Distinguish Marginal Propensity to Consume from the Average Propensity to Save. Use a diagram to illustrate? (6 marks)
- c) Explain the concept of liquidity Trap? (6 Marks)
- d) What is full employment equilibrium? (4 marks)
- e) Explain Keynes income Hypotheses? (4 marks)
- f) Explain what is meant by a fiscal deficit? (6 marks).

QUESTION TWO (20 MARKS)

- a) Explain the concepts of Endogenous and Exogenous economic growth models? (10 marks)
- b) Examine clearly Rostow's five stages of Economic growth? (10 marks)

QUESTION THREE (20 MARKS).

- a) State and explain Keynes Liquidity Preference Theory. (8 marks)
- b) Given that the central bank's determined base lending rate is 14 percentage points, compute the money multiplier for this period in the Kenyan economy? (4 marks).
- c) Bring out clearly the concepts of M1, M2, M3, and M4, as used by the monetary authorities? (8 marks)

QUESTION FOUR (20 MARKS).

- a) What do you understand by Stagflation? (8 marks)
- b) Using the Phillips curve, explain the relationship between Unemployment and Inflation? (12 marks)

QUESTION FIVE:

- a) Explain the real Business Cycle Theory of Investment? (8 marks)
- b) Discuss how the government uses fiscal policies to stabilize the macroeconomic variables? (12 marks)