



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR DIPLOMA IN BUSINESS ADMINISTRATION
1ST YEAR 2ND SEMESTER 2015/2016 ACADEMIC YEAR
MAIN CAMPUS - RESIT

COURSE CODE: BEN 2121

COURSE TITLE: PRINCIPLES OF MACRO-ECONOMICS

EXAM VENUE: LAB 1

STREAM: (DBA)

DATE: 06/05/16

EXAM SESSION: 11.30 – 1.00 PM

TIME: 1½ HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 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

- a. Define the following terms as used in national income
- i. Gross Domestic Product (GDP) (2mks)
 - ii. Gross National Product (GNP) (2mks)
 - iii. Per capita income (2mks)
 - iv. Net National Product (NNP) (2mks)
 - v. National Disposable income (2mks)
- b. Explain limitations of using National income Statistics to compare standards of living. (10mks)
- c. Explain problems associated with the income approach in measuring national income. (10mks)

QUESTION TWO

- a. Discuss the objectives that a monetary policy should accomplish. (10mks)
- b. Explain the role financial intermediaries in modern economy. (10mks)

QUESTION THREE

- a. Explain the limitations of the theory of comparative advantage. (10mks)
- b. Describe the monetary policy measures that can be used to combat inflation in an economy. (10mks)

QUESTION FOUR

Kenya is planning to be a newly industrialized country by the year 2030. What obstacles are likely to impede the achievement of this objective? (20mks)

QUESTION FIVE

- a) State the advantages of indirect taxes. (10mks)
- b) Identify factors of production and their respective rewards (4marks)
- c) (b) Develop a demand and supply schedule and use these to explain how market prices are set (6marks)