JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF HEALTH SCIENCES

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

2ND YEAR 2ND SEMESTER 2019/2020 ACADEMIC YEAR

COURSE CODE: AEC 102/ SAC 106/BEN 3121

COURSE TITLE: INTRODUCTION TO MACRECONOMICS

EXAM VENUE: **STREAM: (BBA)**

DATE: **EXAM SESSION:**

TIME: 2 HOURS

Instructions:

1. Answer questions ONE 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

INSTRUCTIONS

Answer question ONE and any other two questions

1. (a) Define the following terms as used in Economics

    (i) Macroeconomics   (2 mks)

    (ii) Full employment   (2 mks)

    (iii) Gross Domestic Product   (2 mks)

    (iv) Inflation   (2 mks)

    (v) National Income   (2 mks)

    (b) With the aid of a diagram explain the circular flow of income in a two sector economy.   (10 mks)

    © Explain five principles of taxation   (10 mks).

2   In the recent years, Kenya has been experiencing inflation tendencies that have eroded the value of money thereby making people worse off

    (a) Discuss by use of examples, the various types of inflation

    (b) Any country that fails to control inflation is doomed to fail. What are the remedies that can be recommended for any economy to apply and bring inflation under control?

                                                      (10 mks)

3 (a)   Developing countries face many challenges in calculating national income. Explain any five such challenges   (10 mks)

(b)   What are the weaknesses of using per-capita income as a measure of welfare of a people?   (10 mks)

4 (a)   (b) Why are indirect taxes more desirable to consumers in developing economies   (10 mks)

5 (a) Discuss the major determinants of consumption behaviour of a consumer (10 mks)

  (b) Investments determine the rate of economic growth of an economy. Why do some economies grow faster than others?   (10 mks)