



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF LOGISTICS
AND SUPPLY CHAIN MANAGEMENT WITH I.T
2ND YEAR 2ND SEMESTER 2017/2018 ACADEMIC YEAR
NAIROBI CITY LEARNING CENTRE

COURSE CODE: BEN 3221

COURSE TITLE: INTERMEDIATE MACROECONOMICS

EXAM VENUE: 12TH FL RM 4

STREAM: (BLSCM)

DATE: 04/ 12/ 2018

EXAM SESSION: 2PM- 4PM

TIME: 2.00 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 1

- (a) The concept of National Income has achieved great importance in the modern times. The national income estimates provide detailed information about the economic position of a country. Explain the importance of the concept of National Income (10 Marks)
- (b) According to Keynesian theory, employment depends upon effective demand which in turn consists of consumption and investment. State and explain the objective factors which brings change in the propensity to consume in the long run (10 Marks)
- (c) The fundamental point of the Keynesian theory of income and employment is that employment is a function of income. Elucidate the conditions to be fulfilled in order to determine the National Income (10 Marks)

QUESTION 2

- (a) The world has registered remarkable economic progress during the last few decades. Every businessman knows that economic circumstances do not remain constant over a long period of time. Discuss the phases of the trade cycle and its characteristics (10 Marks)
- (b) In view of the difficulties of barter system, different commodities were used as money in different periods. Briefly explain the development or evolution of money(10 Marks)

QUESTION 3

- (a) By Monetary Policy, we mean those measures which are adopted by the central bank to increase or decrease supply of money in circulation. Explain the main objectives of the Monetary policy (10 Marks)
- (b) The balance of payments is said to be in disequilibrium position when the total payments are greater than total receipts during a particular year. State and explain the main causes of disequilibrium in the balance of payments (10 Marks)

QUESTION 4

- (a) Inflation is harmful for economic, social and political stability of any country. It results in unfair distribution of income. Describe the various types of inflation (10 Marks)
- (b) Different countries have different currencies. The rate of exchange of different currencies is determined according to the forces of demand and supply of the currencies. Explain the main reasons for fluctuation of rate of exchange (10 Marks)

QUESTION 5

- (a) According to Keynes, the Fiscal Policy is that policy which uses public finance as a balancing factor in the development of the economy. Enumerate the main objectives of the Fiscal policy (10 Marks)
- (b) In order to measure the changes in the value of money, changes in the price level are measured. Describe the steps taken in order to construct price index numbers (10 Marks)