



**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, AND BACHELOR OF LOGISTICS AND  
SUPPLY CHAIN MANAGEMENT**

**2<sup>ND</sup> YEAR 2<sup>ND</sup> SEMESTER 2024/2025 ACADEMIC YEAR**

**MAIN CAMPUS**

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**COURSE CODE: BAB: 1210/BEB: 1204.**

**COURSE TITLE: INTERMEDIATE MACROECONOMICS.**

**EXAM VENUE: LAB 3**

**STREAM: BBA/BLSCM**

**DATE: 15/04/2025**

**EXAM SESSION: 15.00 – 17.00 PM**

**TIME: 2 HOURS**

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**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.**
- 4. Indicate Type of Examination.**

**QUESTION ONE (30 MARKS)**

- a) Explain briefly the circulation in the Macroeconomics. (6 marks)
- b) Examine the effect of a decrease in Aggregate Supply when Aggregate Demand is held constant? (4 marks)
- c) How is the IS curve determined? (4 marks)
- d) What is full employment equilibrium? (6 marks)
- e) Explain the different stages of the Business Cycle Model. (5 marks)
- f) Examine the disadvantages of an Open Economy Model? (5 marks)

**QUESTION TWO (20 MARKS).**

- a) Explain clearly Milton Friedman's Permanent Income hypothesis (8 marks)
- b) Discuss the differences between Keynes' Consumption Function and Kuznets' Consumption puzzle. (12 marks)

**QUESTION THREE (20 MARKS)**

- a) Examine Keynes liquidity Preference Theory? (8 marks)
- b) Given that the central bank's determined base lending rate has been reduced to 10.9 percentage point in their last review, compute the money multiplier for the current month of May 2025 in the Kenyan economy? (12 marks)

**QUESTION FOUR (20 MARKS).**

- a) Discuss the salient features of Endogenous economic growth model. (8 marks)
- b) With reference to Rostows' stages of economic growth, explain the stage where the Kenyan economy is and the challenges hindering its moving to the next stage. (12 marks)

**QUESTION FIVE (20 MARKS).**

- a) Using the Phillips curve, explain the relationship between Unemployment and Inflation? (10 marks)
- b) Kenya has reported an inflation rate of 2.75 percent, however unemployment is at a record time high. Give the possible explanation for this occurrence. (10 marks)