



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
1ST YEAR 2ND SEMESTER 2024/2025 ACADEMIC YEAR
MAIN / KISUMU CAMPUS

COURSE CODE: BEB 1102

COURSE TITLE: INTRODUCTION TO MACROECONOMICS

DATE: 22/04/2025

EXAM SESSION: 9.00 – 11.00 AM

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**

QUESTION ONE

- i. The following information relates to the national income statistics of a certain country. Use the income and expenditure method to calculate the value of

ITEMS	SHS (MILLIONS)
Compensation of employees	4,800
Net factor income from abroad	-120
Net indirect taxes	200
Profit	1500
Private final consumption expenditure	6000
Net domestic capital formation	888
Rent	200
Interest	500
Mixed income of self employed	780
Net exports	-40
Government expenditure	5000
Employers contribution to NSSF	200
Consumption of fixed capital	200

- a. GDP at Market price
b. GNP at Market price
c. NNP at Market price
d. NNP at Factor cost (10 marks)
- ii. The Central Bureau of Statistics of a country has estimated that, the country's Marginal Propensity to consume equals to 0.70, investment equals to 200, government spending 800, autonomous consumption 1000 and net exports 1000. Determine the national income equilibrium (2 marks)
- iii. Explain the major policy measures to control the balance of payment disequilibrium. (8 marks)
- iv. Explain the reasons or internal and external debt in Kenya (10 marks)

QUESTION TWO

- i. Explain both the Monetary and Fiscal policy measures to contain unemployment situation in a developing economy (10 marks)
- i. Explain the importance of studying macroeconomics (10 marks)

QUESTION THREE

- i. The following information relates to the trend of inflation of a country for the last five years

YEAR	PERCENTAGE %
2020	5
2021	6
2022	8
2023	10
2024	15

Explain the reasons and the consequences for this trend (10 marks)

- i. In relation to Money supply highlight M1, M2, M3, M3X and M3XT (10 marks)

QUESTION FOUR

- i. Explain the reasons why it was necessary to establish Central banks (10 marks)
i. Explain the major difficulties experienced during the barter trade (10 marks)

QUESTION FIVE

- i. Describe the major components of the current and the capital account of the balance of payments (10 marks)
ii. Explain the reasons why it is difficult to reduce public expenditure (10 marks)