



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION AND BACHELOR OF LOGISTICS AND SUPPLY CHAIN
MANAGEMENT
1ST YEAR 2ND SEMESTER 2022/2023 ACADEMIC YEAR
KISUMU CAMPUS

COURSE CODE: BEB 1102

COURSE TITLE: INTRODUCTION MACROECONOMICS

DATE: 20/12/2022

SESSION: 9.00-11.00AM

TIME: 2 HOURS

Instructions:

- 1. Answer Question One (COMPULSORY) and any other TWO questions**
- 2. Do not write on the question paper.**

QUESTION ONE

- a) Distinguish between microeconomics and macroeconomics. **(6 Marks)**
- b) Explain the following concepts as used in national income accounting:
 - i. Gross Domestic Product (GDP) at factor cost. **(2 Marks)**
 - ii. Personal Disposable Income. **(2 Marks)**
 - iii. Nominal Gross National Product. **(2 Marks)**
- c) Apart from income, explain other determinants of consumption. **(3 Marks)**
- d) Differentiate between accelerator and multiplier. **(2 Marks)**
- e) Outline the causes of business cycles. **(4 Marks)**
- f) Explain the role of the central bank in the economy. **(3 Marks)**
- g) Highlight the causes of demand pull inflation. **(3 Marks)**
- h) Why do some countries grow faster than others? **(3 Marks)**

QUESTION TWO

- a) Explain the uses of national income statistics. **(10 Marks)**
- b) The following information relates to a utopian economy:

| | Ksh.'000 |
|---|-----------------|
| Net Domestic Product at factor cost | 15480 |
| Income from domestic product accruing to government | 240 |
| National debt interest | 270 |
| Transfer Payments by government | 340 |
| Net private donations from abroad | 40 |
| Net income earned from abroad | 90 |
| Indirect taxes | 2330 |
| Direct taxes | 435 |
| Subsidies | 200 |
| Taxes on corporate profits | 322 |
| Undistributed profits of corporations | 205 |

Determine:

- i. The Net National Product. **(7 Marks)**
- ii. Personal Disposable Income. **(3 Marks)**

QUESTION THREE

- a) With the help of a diagram, describe the Keynesian consumption function. **(6 Marks)**
- b) Examine the causes of unemployment in developing countries. **(8 Marks)**
- c) Explain the role of money in an economy. **(6 Marks)**

QUESTION FOUR

- a) Examine the role of commercial banks in economic growth and development of a country. **(10 Marks)**
- b) With the aid of a diagram, describe the circular flow of income in a four sector economy. **(10 Marks)**

QUESTION FIVE

- a) i) Distinguish between balance of payments and balance of trade. **(4 Marks)**
ii) Explain the causes of balance of payments disequilibrium **(5 Marks)**
- b) Outline the costs of economic growth. **(3 Marks)**
- c) With examples, distinguish between fiscal and monetary policies. **(4 Marks)**
- d) Explain four categories of investment. **(4 Marks)**