

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE  
OF BACHELOR OF TOURISM MANAGEMENT**

**BTHM 261: ECONOMIC DEVELOPMENT CONCEPTS APPLICATIONS**

**STREAMS: BTHM**

**TIME: 2 HOURS**

**DAY/DATE: TUESDAY 05/12/2017**

**8.30 A.M. – 10.30 A.M.**

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**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

- (a) Differentiate between the following economic terms;
- (i) Economic development and economic growth [2 marks]
  - (ii) Currency substitution and financial liberalization [2 marks]
- (b) Briefly explain the three core values of development. [6 marks]
- (c) Explain the main causes of debt crisis in developing countries. [10 marks]
- (d) Simon Kuznets suggested that in the early stages of economic growth, the distribution of income will tend to worsen. Explain why this would happen and give the weakness of the hypothesis. [10 marks]

**QUESTION TWO**

- (a) Explain the main goals of economic development. [4 marks]
- (b) Explain the major market failures that occur due existence of liberalized financial market system. [8 marks]
- (c) Explain the meaning of the term trade liberalization and explain its benefits to an economy. [8 marks]

**QUESTION THREE**

- (a) Explain the important features that developing countries tend to have in common, on average, in comparison with the developed world. [10 marks]
- (b) Discuss the principal sources of government revenues in developing countries. Why are taxes so difficult to collect. [10 marks]

**QUESTION FOUR**

- (a) Rostow argued that development of an economy follows five stages of growth. Discuss. [10 marks]
- (b) Explain the eight millennium development goals adopted by the member countries of united nations. [10 marks]
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