

CHUKA



UNIVERSITY

RESIT/ SPECIAL EXAMINATIONS

**EXAMINATION FOR THE AWARD OF
BACHELOR OF**

ECON 121: PRINCIPLES OF MACROECONOMICS

DAY/DATE: WEDNESDAY 25/07/2018

8.30 AM – 10.30 AM

INSTRUCTIONS:

Answer question one which is compulsory and any other two questions

QUESTION ONE

- (a) State the canons of public expenditure. [4 marks]
- (b) What are the determinants of consumption? [4 marks]
- (c) State any two reasons why macroeconomics is important. [4 marks]
- (d) 'Inflation is such a bad disease that any country would wish to rid off'. Explain [4 marks]
- (e) State and explain any two factors that cause the shifts in the balance of payments curve. [4 marks]
- (f) What are the policies that can be used to curb unemployment in Kenya? [5 marks]
- (g) State the functions of money. [5 marks]

QUESTION TWO

- (a) National income accounting is very paramount to any country that is conscious about its growth and development. Discuss the national income difficulties in estimation of national income. [10 marks]
- (b) Discuss some of the options that can be used by Kenyan government in dealing with excess money in circulation. [10 marks]

QUESTION THREE

(a) State and explain the methods that can be used by country to correct the trade deficit. [10 marks]

(b) Sometimes countries that are developing can resort to taking up measures to protect their young industries against foreign multinational. Discuss the forms of protection that can be used by such a country. [10 marks]

QUESTIO FOUR

(a) State and explain the types of investment s that can be witnessed in any economy like Kenya. [10 marks]

(b) What are the determinants of investments? [10 marks]

QUESTION FIVE

(a) Briefly explain the main components of balance of payments. [10 marks]

(b) What are the roles of central bank to any country like Uganda? [10 marks]
