

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 104: PRINCIPLES OF MACRO ECONOMICS

STREAMS:

TIME: 2 HOURS

DAY/DATE: TUESDAY 10/04/2018

8.30 A.M – 10.30 A.M

INSTRUCTION:

- **Answer question one and any other three**

1. (a) Discuss the ways of measuring national income of a country. [6marks]
(b) Discuss the flow of income in a 3 sector model and identify leakages and injections from the model. [6marks]
(c) Using illustration, clearly discuss inflationary and deflationary gaps and how they can be removed. [8marks]
(d) Clearly differentiate between demand pull and cost push inflation using illustrations. [10marks]
2. (a) Discuss the various types of unemployment in Kenya and suggest possible remedies. [10marks]
(b) Discuss the determinants of investment in an economy. [10marks]
3. (a) Discuss the internal and external effects of inflation. [10marks]
(b) Discuss the drawbacks associated with per capita income as a measure of social welfare of people. [10marks]
4. (a) Clearly discuss the effects of devaluation of the currency of country. [10marks]

(b) National income accounting is very paramount to country that is conscious about its growth and development. Discuss difficulties experienced in estimation of national income in Kenya. [10marks]
