



MUEO

# MOI UNIVERSITY

OFFICE OF THE CHIEF ACADEMIC OFFICER

## UNIVERSITY EXAMINATIONS 2013/2014 ACADEMIC YEAR

*FIRST YEAR END OF SEMESTER I AND II EXAMINATIONS*

### FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

**COURSE CODE: BBM 111**

**EXAM TITLE: INTRODUCTION TO  
MACROECONOMICS**

**DATE: 3<sup>RD</sup> JULY, 2013**

**TIME: 2.00 P.M. - 5.00 P.M.**

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*INSTRUCTION TO CANDIDATES*

➤ ATTEMPT ANY FOUR QUESTIONS

## Instructions to Candidates:-

Attempt **Any Four** Questions.

All Questions Carry **Equal Marks**

### QUESTION ONE

Developing countries have experienced persistent and rising inflation and unemployment problems

- i. Define each problem and explain their major causes (10 marks)
- ii. Suggest economic policies that may be used to reduce the magnitude of the problems. (15 marks)

### QUESTION TWO

- a) Briefly discuss any five types of unemployment (12 marks)
- b) Discuss any five determinants of money supply (13 marks)

### QUESTION THREE

- a) Define the following terms:
  - i. The Multiplier (2 marks)
  - ii. Inflation (2 marks)
  - iii. GNP (3 marks)
  - iv. Labor Force (2 marks)
- b) Using appropriate diagrams discuss what would happen to the Short – Run Aggregate Supply curve if:
  - i. There increase in the cost of inputs (4 marks)
  - ii. There is improvement of technology (4 marks)
- c) Distinguish using appropriate diagrams the LM and the IS curves (8 marks)

### QUESTION FOUR

- a) Using appropriate diagrams demonstrate how equilibrium is achieved in the product and the money market respectively (10 marks)
- b) In reference to Kenya, examine any five (5) problems that one may encounter in the measurement of National Income (15 marks)

### QUESTION FIVE

- a) Using appropriate diagrams discuss any two motives of holding money (8 marks)
- b) State and discuss the methods of measuring national income (12 marks)
- c) Compare and contrast the classical and the Keynes theories of employment (5 marks)

### QUESTION SIX

- a) State and discuss the methods of measuring national income. (10 marks)
- b) In the theory of savings and investment function discuss the induced and autonomous investment. (8 marks)
- c) What are the measures that can be put in place to stimulate private investment? (7 marks)

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