



MACHAKOS UNIVERSITY COLLEGE

(A Constituent College of Kenyatta University)

University Examinations 2013/2014

SCHOOL OF BUSINESS AND ECONOMICS FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF COMMERCE

EET 101: ELEMENTS OF MACROECONOMICS

Date: 14TH AUGUST 2014

TIME: 2HRS

INSTRUCTIONS:

- **Answer Question ONE and any other Two**
- **This paper has TWO printed pages.**

QUESTION ONE

- a) Distinguish between the following terms as used in economics (10 marks)
 - i) Macro economics and micro economics
 - ii) Under population and optimum population
 - iii) Economic growth and Economic development
 - iv) Inflation and deflation
 - v) Trade deficits and trade surplus
- b) Name the four approaches used in measuring national income of any given country (4 marks)
- c) Give at least five characteristics of under developed countries (4 marks)
- d) List down four characteristics of money (4 marks)
- e) Name and explain four clear differences between commercial banks and non bank financial institutions (8 marks)

QUESTION TWO

- a) Name and explain five functions of money in the economy (10 marks)
- b) Explain in detail how the central bank would control money supply in the economy (10 marks)

QUESTION THREE

- a) Name and explain five ways in which a country can do to decrease population growth (10 marks)
- b) Discuss different ways in which a country can use to reduce unemployment (10 marks)

QUESTION FOUR

- a) Explain five demerits of using expenditure approach as a method of measuring national income (10 marks)
- b) Name and explain five problems encountered in measuring national income of any given country (10 marks)

QUESTION FIVE

- a) Explain in detail five causes of inflation (10 marks)
- b) Name and explain five monetary tools that a country can use to control inflation (10 marks).