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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR ONE**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: ECO 111**

**COURSE TITLE: INTRODUCTION TO MACROECONOMICS**

**EXAMINATION DURATION: 2 HOURS**

**DATE: 08/04/2021 TIME: 12.00-2.00 PM**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages *please turn over***

**QUESTION ONE (COMPULSORY)**

1. Elaborate on the uses of national income accounting **[5 marks]**
2. Identify the challenges facing developing countries’ economic integration  **[5 marks]**
3. Discuss the various types of inflation and its impact in the economic **[7 marks]**
4. Highlight on the main accounts of balance of payment. [3 marks]
5. Monetary policies is a deliberate action by either government or central bank to regulate the circular flow of income in the economy towards a desired direction. Discuss [10 marks]

**QUESTION TWO**

1. Discuss the factors that affect economic development in Kenya. [10marks]
2. Explain the factors that affects the terms of trade for developing countries in relation to international trade [10marks]

**QUESTION THREE**

1. Explain the approaches used to measuring national income and the problems associated with each of them. **[10marks]**
2. State and explain the types of unemployment and how to curb them. [10 marks]

**QUESTION FOUR**

1. Different countries are merging to various degrees of economies and economic policies in different regions. Discuss some the economic integration that has been established to achieve the same. [10 marks]
2. Briefly explain the main components of balance of payment **[6 marks]**
3. Explain the relationship between the rate of unemployment and wage rates [4marks]

**QUESTION FIVE**

1. Discuss causes of inflation in an economy **[10 marks]**
2. By use of a well labled diagram, explain the circular flow of income. **[10marks]**