



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2019/2020 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 5th December, 2019

Time: 11.00am – 1.00pm

KFI 101 - PRINCIPLES OF MACRO ECONOMIC THEORY

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (COMPLUSORY)

- a) Differentiate giving examples between economic theory and economic model. (6 Marks)
- b) Explain by help of examples limitations of the multiplier. (8 Marks)
- c) By help of examples differentiate between leakages and injections. (8 Marks)
- d) Explain three conceptual approaches to measuring the national income. (8 Marks)

QUESTION TWO (20 MARKS)

- a) Using relevant examples (and diagrams where necessary), explain the causes of inflation in developing countries. (10 Marks)
- b) By help of various examples elaborate on functions of money in an economy. (10 Marks)

QUESTION THREE

- a) Illustrate and explain clearly the Keynesian theory of income and employment. (10 Marks)
- b) Define inflation and describe its internal effects to the economy. (10 Marks)

QUESTION FOUR (20 MARKS)

- a) Define Macroeconomics and explain the major goals of macroeconomic policy. (10 Marks)
- b) Using suitable examples, explain five forms of unemployment in an economy. (10 Marks)

QUESTION FIVE (20 MARKS)

- a) Demonstrate your understanding of the phrase “ Circular flow in an open economy”. (10 Marks)
- b) Explain the features of any instrument being used as money in your locality. (10 Marks)