



PAN AFRICA CHRISTIAN UNIVERSITY

**END OF SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF COMMERCE
BACHELOR OF BUSINESS LEADERSHIP
BACHELOR OF BUSINESS INFORMATION TECHNOLOGY
& DIPLOMA IN SUPPLIES MANAGEMENT**

JANUARY-APRIL 2017

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BCM106 | BIT201 | BUS2113 | DSM103

COURSE TITLE: Principles of Macroeconomics

EXAM DATE: WEDNESDAY 5th APRIL 2017

TIME: 9.00AM-12.00PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.
- **Answer Question ONE and any other FOUR Questions**

Question one: compulsory

- a) Differentiate the following terms
 - i. Real GDP
 - ii. Nominal GDP (5marks)
- b) Describe the main components of GDP (Gross Domestic Product) (5marks)
- c) Development of money was necessitated by specialization and exchange and this solved the **problem of better trade**. Discuss. (10marks)
- d) Explain any five factors that affect the size of National income (10 marks)
- e) Discuss the major determinants of consumption in a nation (10 marks)

Question two

- a) Describe the major characteristics of money (10marks)
- b) Explain the main functions of money (5 marks)

Question three

- a) Discuss any five factors responsible for wage differentials between occupations (5 marks)
- b) Explain the main causes of unemployment in developing countries (10marks)

Question four

- a) Elaborate the measures appropriate as remedies for unemployment in developing countries (10marks)
- b) Explain any five macro-economic policy objectives which the governments strives to achieve the well being of the economy (5 marks)

Question five

- a) Budgeting by the Government fulfils three major functions. Discuss. (3marks)
- b) Explain any four purposes of taxation (4marks)
- c) Discuss any four economic effects of taxation (8 marks)

Question six

- a) Explain the following terms
 - i. Fiscal policies (3Marks)
 - ii. Monetary policies (4marks)
- b) Inflation is caused by two major factors; cost-push, demand-pull: Discuss.(8 marks)