PANAFRICA CHRISTIAN UNIVERSITY

END OF TRIMESTER EXAMINATIONS

BCM106/BUS2113- PRINCIPLES OF MACROECONOMICS

ATTEMPT FOUR QUESTIONS ONLY

TIME ALLOWED – 3 HOURS

QUESTION ONE (COMPULSORY)

In view of the current macro-environment in Kenya, discuss the Kenyan tax regime implications in the following sectors;

a) Manufacturing (3mks)

b) Agriculture (3mks)

c) Labor market (4mks)

QUESTION TWO

Citing examples as appropriate, describe the following economic integration steps;

i. Preferential Trade area (2marks)

ii. Free trade area (2marks)

iii. Customs union (2marks)

iv. Common Market (2marks)

v. Economic Union (2marks)

QUESTION THREE

a) Explain the following terms as used in economics

i. Quid pro quo (1marks)

ii. Fiscal policies (2Marks)

iii. Monetary policies (2marks)

b) Outline any five factors that affect the size of National income (5 marks)

QUESTION FOUR

a) Discuss the following causes of Inflation

i. Demand-pull (2marks)

ii. Cost-push (2marks)

b) Explain any three causes of unemployment (6 marks)

QUESTION FIVE

Agitation for higher pay by trade unions doesn’t always result to higher wages. Discuss this statement citing any five scenarios as appropriate (10marks)

QUESTION SIX

a) Highlight any two functions fulfilled by Government through Budgeting (4marks)

b) Discuss any three economic effects of taxation (6 marks)