PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF BUSINESS LEADERSHIP

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

BACHELORS OF COMMERCE

JANUARY – APRIL 2018 SEMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: BUS2113|BCM103|BIT206

COURSE TITLE: PRINCIPLES OF MACROECONOMICS

EXAM DATE: WEDNESDAY 11TH APRIL 2018

TIME: 9:00AM-12:00PM

INSTRUCTIONS

- This examination script consists of **Six (6)** questions.
- Answer **Five** Questions. Question **One** is compulsory and answer any more **Four** questions
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

QUESTION ONE: COMPULSORY

a) Briefly discuss the main functions of central Banks (5marks)
b) Differentiate the following terms
   i. Real GDP
   ii. Nominal GDP (5marks)

c) Describe the main components of Gross Domestic Product (GDP) (5marks)

d) Development of money was necessitated by specialization and exchange and this solved the **problem of batter trade**. Discuss. (10marks)

e) Explain any five factors that affect the size of National income (10 marks)

f) Discuss the major determinants of consumption in a nation (5 marks)

<u>QUESTION TWO</u>

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)