**PAN AFRICA CHRISTIAN UNIVERSITY**

**BACHELOR OF COMMERCE/BUSINESS LEADERSHIP**

**BACHELOR OF BUSINESS INFORMATION TECHNOLOGY**

**END OF TERM EXAMINATION (MAY-JULY 2016)**

**CAMPUS: ROYSAMBU-EVENING**

**DEPARTMENT: BUSINESS**

**COURSE CODE: BCM106|BUS2113|BIT201|DSM103**

**COURSE TITLE: PRINCIPLES OF MACRO ECONOMICS**

**EXAM DATE: .MONDAY 1st, AUGUST 2016**

**TIME: 6.00PM-9.00PM**

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

b) Differentiate the following terms (5marks)

i. Real GDP
ii. Nominal GDP

c) Development of money was necessitated by specialization and exchange and this solved the **problem of batter 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 for 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)