



**PANAFRICA CHRISTIAN UNIVERSITY**  
**END OF TRIMESTER EXAMINATIONS**  
**BCM103/BUS2113- PRINCIPLES OF MACROECONOMICS**

**ATTEMPT FOUR QUESTIONS ONLY**  
**TIME ALLOWED – 3 HOURS**

**QUESTION ONE (COMPULSORY)**

- a) Describe the concept of fiscal policy (2mks)
- b) Explain any four policy objectives that fiscal policies aim to achieve (8mks)

**QUESTION TWO**

Global tax regimes have critical implications in various sectors of the economy. Evaluate this statement under the following subtitles;

- a) Manufacturing sector ( 3mks)
- b) Agriculture sector (3mks)
- c) Labor market (4mks)

**QUESTION THREE**

Explain the following terms as used in economics

- a) Gross Domestic Product (GDP) (1mk)
- b) Real GDP (2mk)
- c) Nominal GDP (2mk)
- d) Quid pro quo ( 2marks)
- e) Monetary policies (3mks)

**QUESTION FOUR**

- a) Explain the following effects of unemployment
- i. Economic cost (2mks)
  - ii social cost (2mks)
- b) Explain any three causes of unemployment (6mks)

**QUESTION FIVE**

- a) Explain any two methods of determining National income (2mks)
- b) Discuss the following causes of Inflation
- i. Demand-pull (4marks)
  - ii. Cost-push (4marks)

**QUESTION SIX**

- a) Explain any two functions achieved by Governments through Budgeting ( 4marks)
- b) Discuss any three negative economic implications of taxation to a state ( 6 marks)