BACHELOR OF BUSINESS IN INFORMATION TECHNOLOGY

END OF TERM EXAMINATION

DEPARTMENT: COMPUTING & IT

COURSE CODE: BIT 206

COURSE TITLE: MACRO ECONOMICS

TIME:

INSTRUCTIONS

- This examination script consists of **SIX (6)** questions.
- Read all questions carefully before attempting.
- Question **One** is compulsory and Answer any **Four (4)** questions.
- Write your **student number** on the answer booklet provided.

SECTION A: COMPULSORY

QUESTION ONE (COMPULSORY)

a) Discuss any two distinctions between microeconomics and macro-economics. (4 Mark)

b) Macroeconomics as a subject has limitations. Explain three of them. (6 Marks)

SECTION B: CHOOSE ANY THREE QUESTIONS

QUESTION TWO

a) Long time ago societies were small and hence practiced barter trade. With time however, barter trade became difficult as a way of exchange. Discuss any three demerits of barter trade (6 Marks)

b) Explain two roles of the money market in the economy. (4 Marks)

QUESTION THREE

a) Define the term unemployment. (2 Marks)

b) Discuss three major types of unemployment found in Kenya (3 Marks)

c) Discuss some of the measures that the government can take to curb unemployment in Kenya (5 Marks)

QUESTION FOUR

a) Using examples, explain why national income is not a good measure of social welfare. (6 Marks)

b) Discuss the circular flow of income for an economy with four sectors. (4 Marks)

QUESTION FIVE

a) Discuss any FIVE objectives of monetary policy (5 Marks)

b) Explain five roles of International Monetary Fund(IMF) in the third world countries (5 Marks)

QUESTION SIX

a) Distinguish between inflation and deflation. (4 Marks)

b) Inflation affects some people more adversely than others. Discuss this statement and give clear examples. (4 Marks)

c) As an economic policy expert, explain two measures you would put in place to contain inflation in an economy (2 Marks)