



ALUPE UNIVERSITY
COLLEGE
Bastion of Knowledge...

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OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS

UNIVERSITY EXAMINATIONS

2019 /2020 ACADEMIC YEAR

...1st.... YEAR ...2nd..... SEMESTER REGULAR EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE

ECONOMICS

COURSE CODE: BBM 110/EDB 112

COURSE TITLE: INTRODUCTION TO ECONOMICS

DATE: 6/6/2022 TIME: 3 pm- 5 pm 3 HOURS

INSTRUCTION TO CANDIDATES

- Answer Question ONE and any other TWO questions
 - Question ONE carries 30 marks
 - Time allowed: 3 hours

THIS PAPER CONSISTS OF 2 PRINTED PAGES

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QUESTION ONE (30 MARKS)

- a) Define National income (2 marks)
- b) Outline any three approaches used in measuring National income (6 marks)
- c) List any characteristics of money that makes it sustain to be as a medium of exchange (5 marks)
- d) Define international trade (3 marks)
- e) What are the reasons for development of international trade? (5 marks)
- f) Give reasons for protectionism (5 marks)
- g) Explain ways of restricting international trade (4 marks)

QUESTION Two (20 marks)

- a) Explain the quantity theory of money (10 marks)
- b) Explain any three types of unemployment in Kenya (10 marks)

QUESTION THREE (20 marks)

- a) Explain any three functions of budget for a country (9 marks)
- b) Explain any three types of budgets (6 marks)
- c) What are the objectives of macro-economic policy (5 marks)

QUESTION FOUR (20 marks)

- a) Explain the meaning of inflation (2 marks)
- b) Explain with relevant examples types of inflation (8 marks)
- c) What is the impact of inflation to the economy (10 marks)

QUESTION FIVE (20 MARKS)

a) Given the following National income model of a country: $C = 160 + 0.4 Y_d$ $T = 120 + 0.2 Y$ $X = 140$ $M = 100$ $I = 100$ $G = 120$

Calculate the amount of:

- (i) National Income
- (ii) Tax
- (iii) Consumption
- (iv) Investment Multiplier.