



*(Knowledge for Development)*

**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2020/2021 ACADEMIC YEAR**  
**SPECIAL/SUPPLIMENTARY EXAMINATION**  
**FOR THE DIPLOMA IN EDUCATION**

**COURSE CODE: EDB 106**

**COURSE TITLE: INTRODUCTION TO ECONOMICS 2**

**DATE: 01/10/2021 TIME: 8.00 AM**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

**KIBUCO observes ZERO tolerance to examination cheating**

This Paper Consists of 2 Printed Pages. Please Turn Over.

## **SECTION A (COMPULSORY)**

### **QUESTION ONE (Total 30 Marks)**

- a. State the canons of public expenditure (4Marks)
- b. What are the determinants of consumption (4Marks)
- c. State any two reasons why macroeconomics is important (4Marks)
- d. 'Inflation is such a bad disease that any country would wish to rid off'. Explain (4Marks)
- e. State and explain any two factors that cause the shifts in the balance of payments curve. (4marks)
- f. What are the policies that can be used to curb unemployment in Kenya (5Marks)
- g. State the functions of money (5Marks)

## **SECTION B (CHOOSE ANY TWO QUESTION)**

### **QUESTION TWO (Total 20 Marks)**

- a) National income accounting is very paramount to any country that is conscious about its growth and development. Discuss the national income difficulties in estimation of national income. (10 Marks)
- b) Discuss some of the options that can be used by Kenyan government in dealing with excess money in circulation (10 Marks)

### **QUESTION THREE (Total 20 Marks)**

- a) State and explain the methods that can be used by a country to correct the trade deficit (10 Marks)
- b) Sometimes countries that are developing can resort to taking up measures to protect their young industries against foreign multinational. Discuss the forms of protection that can be used by such a country (10Marks)

### **QUESTION FOUR**

- a) State and explain the types of investments that can be witnessed in any economy like Kenya (10 Marks)
- b) What are the determinants of investments (10 Marks)

### **QUESTION FIVE**

- a) Briefly explain the main components of balance of payments (10 Marks)
- b) What are the roles of central bank to any country like Uganda (10Marks)