



*(Knowledge for Development)*

# **KIBABII UNIVERSITY**

## **UNIVERSITY EXAMINATIONS 2020/2021 ACADEMIC YEAR**

### **SECOND YEAR 2ND SEMESTER SPECIAL/SUPPLEMENTARY EXAMINATIONS**

**FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL  
ECONOMICS & RESOURCE MANAGEMENT**

**COURSE CODE:** AEC 211/ECO 205

**COURSE TITLE:** INTERMEDIATE MACROECONOMICS

**DATE:** 13<sup>TH</sup> JANUARY 2022

**TIME:** 2 – 4 PM

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#### **INSTRUCTIONS TO CANDIDATES**

Answer all Questions in section A and any other two (2) Questions in section B.

TIME: 2 Hours

This paper consists of 2 printed pages. Please Turn Over



KIBU observes ZERO tolerance to examination cheating

**Q1.**

Given  $C=10+ 0.2Y^d$ ,  $Y^d=Y-T$ ,  $I=55$ ,  $G=60$ ,  $T=12+0.6Y$ ,  $X= 100$ ,  $M=30+0.2Y$ , Calculate the following and interpret your results

- a) Equilibrium income (4 Marks)
- b) Equilibrium consumption (4 Marks)
- c) The government spending multiplier, (4 Marks)
- d) The tax multiplier, (4 Marks)
- e) The export multiplier, (4 Marks)
- f) The import multiplier, (4 Marks)
- g) The investment multiplier, (4 Marks)
- h) The level of savings (2 Marks)

**Q2.**

- a) Explain the factors influencing interest rates of any economy (10 Marks)
- b) Explain the weaknesses encountered in computation of national income (10 marks)

**Q3.**

- a) Explain the properties of money (10 marks)
- b) Explain role played by central bank in regulation of money supply in the economy (10 marks)

**Q4.**

- a) Explain the types of unemployment in Kenya (10 marks)

- b) Explain five fiscal policy measures used to curb down inflation in Kenya (10 marks)

**Q5**

- a) Explain the approaches used to compute national income in Kenya (16 marks)
- b) Explain any two macroeconomic indices used to measure national income (4 marks)