



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**

**SECOND YEAR EXAMINATION FOR THE AWARD OF THE DIPLOMA**  
**DIPLOMA IN AGRICULTURAL AND APPLIED ECONOMICS**  
**FIRST SEMESTER 2022/2023**  
**(SEPTEMBER - DECEMBER, 2022)**

**AGEC 0209: MACROECONOMICS II**

**STREAM: Y2 S1**

**TIME: 2 HOURS**

**DAY: FRIDAY, 3:00 P.M – 5:00 P.M**

**DATE: 16/12/2022**

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***INSTRUCTIONS:***

- 1. Do not write anything on this question paper.***
- 2. Answer ALL Questions in section A (Compulsory) and any other TWO Questions in section B.***

**SECTION A (30MARKS)**

**QUESTION ONE**

- a) i) To study economists problems, economists employ a process of theoretical investigation called the scientific method comprised of 4 steps, Explain them. (10marks)
- ii) Explain the Analytical tools of Economics (5marks)
- iii) Explain the classical theory of income and employment (5marks)
- b) Define the following economic concepts
- i) Marginal analysis and sunk costs (4marks)
- ii) Economic Theory (2marks)
- iii) Model (2marks)
- iv) Economic policy (2marks)

**SECTION B (40MARKS)**

**QUESTION TWO**

Compare the fiscal and monetary policies as they are applied in the market economy. (20marks)

**QUESTION THREE**

Explain the causes of inflation. (20marks)

**QUESTION FOUR**

Explain the Economic Policy and 4 Criteria for Judging. (20marks)