



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

**FIRST YEAR EXAMINATION FOR THE AWARD OF THE
DIPLOMA IN AGRICULTURAL AND APPLIED ECONOMICS
FIRST SEMESTER, 2023/2024
(JANUARY-APRIL, 2024)**

AGEC 0109: MACROECONOMICS

STREAM: Y1 S1

TIME: 2 HOURS

DAY: MONDAY, 12:00 – 2:00 P.M.

DATE: 22/04/2024

INSTRUCTIONS

- 1. Do not write anything on this question paper.***
- 2. Questions in Section A are compulsory; choose the other TWO from section B.***

SECTION A (30MKS)

QUESTION ONE

- Define the concepts of inflation and deflation. Discuss the causes and consequences of each. (10marks)
- Explain the difference between fiscal policy and monetary policy. Discuss how each policy tool is used to stabilize the economy. (10marks)
- Define inflation and discuss its causes and consequences. (10marks)

QUESTION TWO

- Describe the components of aggregate demand and aggregate supply. How do changes in these components affect the overall level of economic activity? (10marks)
- Discuss the role of the government in promoting economic growth. Explain the various fiscal and monetary policies that can be used to stimulate economic growth. (10marks)

QUESTION THREE

- a). Define the concept of unemployment. Discuss the types of unemployment and their causes. How is unemployment measured? (10marks)
- b). Explain the Phillips curve and its relationship between inflation and unemployment. How does this relationship guide policymakers in their decision-making? (10marks)

QUESTION FOUR

- a). Discuss the concept of economic inequality. What are the causes and consequences of economic inequality? How can policymakers address this issue? (10marks)
- b). Define the concept of economic growth. Discuss the factors that contribute to economic growth and their impact on the overall economy. (10marks)

QUESTION FIVE

- a). Explain the concept of the business cycle. Describe the phases of the business cycle and discuss the policy measures used to stabilize the economy during each phase. (10marks)
- b). Discuss the role of international trade in a country's economy. How does international trade affect economic growth and living standards? (10marks)