



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

FIRST YEAR EXAMINATION FOR THE AWARD OF
THE DEGREE OF BACHELOR OF ACTUARIAL SCIENCES
FIRST SEMESTER 2021/2022
(FEBRUARY-JUNE, 2022)

BBAM 103: PRINCIPLES OF MACRO ECONOMICS

STREAM: Y1 S1

TIME: 2 HOURS

DAY: THURSDAY, 9:00 AM – 11:00 AM

DATE: 2/06/2022

INSTRUCTIONS:

- 1. Do not write anything on this question paper.***
- 2. Answer question ONE (compulsory) and any other TWO questions.***

QUESTION ONE

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

QUESTION TWO

- 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

- 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

State the canons of public expenditure. (4 marks)

What are the determinants of consumption. (4 marks)

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)