THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

CITY CAMPUS

MAIN EXAMINATION

JANUARY – APRIL 2017 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

EVENING PROGRAMME

CEC 121: INTRODUCTION TO MACROECONOMICS

Date: APRIL 2016	Duration: 2 Hours
INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions	

Q1. a) Distinguish between Microeconomics and Macroeconomics. **(3 marks)**

   b) Distinguish clearly the terms between "fiscal policy " and monetary policy".
   (3marks)

   c) State THREE major concerns of Macroeconomics   **(3 marks)**
   d) Explain briefly the term 'national Income accounting Identity ' **(3 marks)**
   e) Define what is Gross Domestic Product and discuss two ways of calculating it.   **(8marks)**
   f) Distinguish between "Economic Development "and "Economic Growth"
   (4 marks)

   g) Discuss the various types of unemployment   **(6 marks)**

Q2.   a) Given the data below of hypothetical Country for the year 2015

	Ksh.
Indirect business Taxes (net of subsidies)	35
Employee Compensation	455
Profits	100
Interest	30
Rental Income	20

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Depreciation	30
Net Foreign Factor	-40

Required :

Compute the country's GDP for the year 2015 **(5 marks)**
  b)   Identify and discuss six *indicators of economic activity.* *(12 marks)*
  c)   Identify and distinguish the two types of inflation **(7 marks)**

Q3. a)   Using suitable illustration discuss the term " business Cycle". **(10 marks)**
     b)   Explain briefly the role of the monetary authority of a country. **(10 Marks)**

Q4. a) write short notes on the following:
        i)   Gross National Income (GNP) **(2 marks)**
        ii)   Net National Income (NNP) **(2 marks)**
        iii)   National Income (NI) **(2 marks)**
        iv)   Sticky prices **(2 Marks)**
        v)   leakages and injections **(2 marks)**
     b)   Given the following data for a hypothetical economy for a particular year, compute GNP.

	Kshs
Consumption	250
Gross investment	120
Government purchases	180
Exports	80
Imports	100
Factor income received from the rest of the world	70
Factor income paid to the rest of the world	80

(10 marks)

END

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