****

MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS**

**2016/2017 ACADEMIC YEAR**

**THIRD YEAR SECOND SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS**

**BACHELOR OF ARTS ECONOMICS**

**COURSE CODE: ECO 317**

**COURSE TITLE:** **ECONOMIC DEVELOPMENT II**

**DATE: 10TH JULY, 2017 TIME: 1100 – 1300HRS**

**INSTRUCTIONS TO CANDIDATES**

Answer Question **ONE** and any other **THREE** questions

*This paper consists of*  ***TWO***  *printed pages. Please turn over.*

**QUESTION 1**

1. Critically examine important considerations in choosing planning models. **(8 marks)**
2. Explain and comment on the arguments for and against economic planning in less developed countries. **(10marks)**
3. Explain whether or not free market can function effectively in developing countries **(7 marks)**

**QUESTION 2**

1. Present the arguments for and against the establishment of state owned enterprises (SOEs) in developing countries. **(7 marks)**
2. Explain what terms and conditions less developed countries should ensure before accepting foreign aid. **(8 marks)**

**QUESTION 3**

1. Describe the relationship between a Lorenz and Gini coefficient **(5 marks)**
2. Explain why unemployment and underemployment are serious problems in less developed economies. **(10 marks)**

**QUESTION 4**

1. Economic growth is said to be a necessary but not an efficient condition for eradicating absolute poverty and reducing inequality. Discuss. **(6 marks)**
2. Explain the following concepts as used in economic development.
3. Financial repression; (**3 marks)**
4. Financial substitution; **(2 marks)**
5. Currency substitution; **(2 marks)**
6. Unorganized money markets. **(2 marks)**

**QUESTION 5**

1. Explain the role of international trade in developing countries’ economies. Give examples. **(7 marks)**
2. (i) Explain the theory of demographic transition **(5 marks)**

 (ii)At what stage in this transition does Kenya seem to be? **(3 marks)**

**//END**