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**KENYA METHODIST UNIVERSITY**

**END OF 2ND TRIMESTER 2019 (PT) EXAMINATION**

**SCHOOL : BUSINESS ADMINISTRATION**

**DEPARTMENT : BUSINESS ADMINISTRATION**

**COURSE CODE : ECON 102/BIRS 120**

**COURSE TITLE : PRINCIPLES OF MACROECONOMICS**

**TIME : 2 HOURS**

**INSTRUCTIONS**

* ***Answer Question One and any other Two Questions.***

**Question 1 [One] – [30 Marks]**

1. What are the possible problems that may arise when measuring GDP?
2. What do you understand by the Market Price and Factor Cost in National Income Accounting?

**Question 2 [Two] – [20 Marks]**

1. **Discuss with examples non-bank financial institutions and the role they play in economies.**

**b) Discuss the disadvantages of international trade.**

**Question 3 [Three] – [20 Marks]**

1. Discuss the meaning and the types of protectionism.
2. Discuss the qualities necessary for good money.

**Question 4 [Four] – [20 Marks]**

1. Discuss the meaning of fiscal policies.
2. Discuss the advantages of a floating exchange rate.

**Question 5 [Five] – [20 Marks]**

1. Discuss the modern functions of a commercial bank.
2. Discuss the supply side policies for reducing unemployment.