



**UNIVERSITY OF EMBU**

**2021/2022 ACADEMIC YEAR**

**SECOND SEMESTER EXAMINATIONS**

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF  
BACHELOR OF ECONOMICS**

**BAE 310: DEVELOPMENT ECONOMICS**

**DATE: 8 APRIL, 2022**

**TIME: 8.30-10.30**

**INSTRUCTIONS:**

**Answer Question ONE and ANY Other TWO Questions.**

**QUESTION ONE (30 MARKS)**

- a) Define and clearly explain the following:
  - i) Project appraisal. (2 Marks)
  - ii) Economic planning. (2 Marks)
- b) Compare and contrast the three basic types of planning models. (6 Marks)
- c) In absence of economic planning, investment will remain depressed due to coordination failure. Explain the concept of 'coordination failure'. (4 Marks)
- d) Identify and explain the fundamental stages involved in national planning process. (8 Marks)
- e) Explain the essence of people's participation in the national planning process. (8 Marks)

**QUESTION TWO (20 MARKS)**

- a) Why is national planning both political and bureaucratic in nature? (4 Marks)
- b) Discuss four ways in which development planning can help speed up and improve the quality of national economic progress. (8 Marks)
- c) Discuss the essence of budget policy functions of government with clear reference to national planning process. (8 Marks)



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**QUESTION THREE (20 MARKS)**

- a) Briefly explain the concept of 'decentralized planning'. (4 Marks)
- b) Explain clearly policy formulation process in relation to national planning. (8 Marks)
- c) Discuss briefly any four areas of an investment appraisal. (8 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Citing relevant examples from Kenya differentiate between perspective, medium-term and annual plans. (6 Marks)
- b) Explain the role of projects and programmes in economic development. (6 Marks)
- c) Discuss the rural development process in Kenya and illustrate the application of Constituency Development Fund (CDF) as a rural development strategy. (8 Marks)

**QUESTION FIVE (20 MARKS)**

- a) Clearly discuss five conditions necessary for the realization of a successful planning process. (10 Marks)
- b) What is the essence of devolution as a governance structure in Kenya with regard to economic development process? (10 Marks)

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