



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

BACHELOR OF ARTS

EAE 405: DEVELOPMENT PLANNING

DATE: 4/12/2019

TIME: 2.00-4.00 PM

INSTRUCTIONS:

- (i) Answer question one (Compulsory) and any other two questions**
- (ii) Do not write on the question paper**
- (iii) Show your working clearly**

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) What do you understand the term planning in terms context of economic development? Why should government plan? (5 marks)
- b) Discuss the components of indicative planning procedures (5 marks)
- c) Define the following terms
 - i. Project (2 marks)
 - ii. Program (2 marks)
 - iii. Investment (1 mark)

- d) Using table below of coefficient of input-output, determine the macroeconomic solution for final out put (10 marks)

	Sector <i>I</i>	Sector <i>II</i>
Sector <i>I</i>	0.133	0.308
Sector <i>II</i>	0.2	0.192
Imports	0.2	0.115
Primary Inputs	0.467	0.385
Total	1.00	1.00

- e) Explain the basic assumption Leon tiffs of input-output model (5 marks)

QUESTION TWO (20 MARKS)

- a) Differentiate between anti cyclical and development planning as you understand them in economic planning. (5 marks)
- b) A project cycle is a sequence that is followed or a way in which projects are normally planned and executed that is indicating where to begin the project and the ending part and time. Discuss these cycle stages. (5 marks)
- c) Discuss the cost-benefit analysis as a planning technique on project based planning (5 marks)
- d) Discuss the limitation of the incremental capital-output ratio (ICOR) (5 marks)

QUESTION THREE (20 MARKS)

- a) There are a number of reasons why the implementation of development program and plans such as Big four plan may fail. Discuss these reasons. (4 marks)
- b) Describe the shortcoming of input-output analysis (8 marks)
- c) Discuss the merits and demerits in planning by inducements (8 marks)

QUESTION FOUR (20 MARKS)

- a) A project to be successful, it must accommodate the institutional structure of the country and region. In order to achieve this, important questions must be asked. Discuss these questions. (8 marks)
- b) In order to design and implement effectively the project, it is necessary to consider many aspects which together determine how profitable the project will be after it is fully

implemented. These aspects are closely interrelated and all of them must be considered and reconsidered at every stage of project planning and implementation. Discuss well these aspects. (8 marks)

- c) Discuss the challenges Kenya is facing in implementation of constitution 2010 (4 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss and compare the centralized planning in former USSR and decentralized planning in Kenya currently (8 marks)
- b) Input-output is a one of the planning techniques that has been used in many countries for planning purposes. It involves the interlinkages among sectors, whereby output on one sector is serves as other sectors' as input including itself. This planning technique has been faced with some shortcomings. Explain them in details. (8 marks)
- c) Briefly differentiate between planning by directions and planning by inducement as an economic planning procedure. (4 marks)