



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS & STATISTICS

BACHELOR OF ECONOMICS & FINANCE

BACHELOR OF ECONOMICS

BACHELOR OF ARTS

EAE 204: DEVELOPMENT ECONOMICS

DATE: 17/12/2021

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 (30 MARKS)

- a) Explain the methods of measuring economic development. (4 marks)
- b) Discuss highlighting relevant examples the main challenges facing the smooth implementation of Vision 2030 blue print in Kenya. (5 marks)
- c) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- d) What are the economic reasons behind industrialization? (6 marks)
- e) Discuss the following terms and how are related to international trade policy
 - i) Import substitution trade strategy (3 marks)
 - ii) Export promotion (2 marks)
- f) Some countries with high rates of economic growth are still termed underdeveloped. Explain why this is be the case. (5 marks)

QUESTION TWO (20 MARKS)

- a) Unemployment is undesirable macroeconomic phenomenon and as such both monetary and fiscal policies are formulated and implemented to reduce its rate. There are a number of reasons for the increased unemployment rate in Kenya. Briefly explain the causes of unemployment in Kenya (5 marks)
- b) Explain the importance of international trade in economic growth and developments in Kenya. (7 marks)
- c) Population can be viewed a problem or blessing to assist economic growth. Briefly explain the negative effects of high population in a country. (8 marks)

QUESTION THREE (20 MARKS)

- a) Brief explain what is meant by Vision 2030, and briefly explain the pillars of Kenya Vision 2030. (6 marks)
- b) What are the pre-requisites for economic transformation to take place in an economy? (6 marks)
- c) Strong and stable Banking systems in important is helping economic growth and development, therefore briefly explain the role of banking in economic growth and development (8 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the following terms as used in Economic development:
- i. Vicious cycle of poverty (2 marks)
 - ii. Dualistic economy (1 mark)
 - iii. Economic transformation (1 mark)
 - iv. Economic development (1 mark)
- b) Briefly explain the reasons why most developing countries do not realize the full benefits from international trade. (5 marks)
- c) Briefly explain food scarcity in Kenya in the context of rural urban migration (5 marks)
- d) Briefly explain the positive role of high population in economic development (5 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the Harrod Domar- model and show how it can be used to accelerate economic development in Kenya. (6 marks)
- b) Economic growth and development is a good and admired process by all countries, however there are number of obstacles that prevent countries from attaining this. Briefly explain these obstacles citing examples from Kenya (5 marks)
- c) Explain the main changes a country is likely to experience when undergoing economic transformation (5 marks)
- d) Briefly explain the monetary and fiscal policies in influencing the economic development (4 marks)