



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS

EAE 204: ECONOMICS OF DEVELOPMENT

DATE: 20/8/2021

TIME: 2.00-4.00 PM

INSTRUCTIONS:

- i) Answer question ONE (compulsory) and any other TWO questions
- ii) Show all your working clearly

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Explain three characteristics of poverty in Kenya (6 marks)
- b) Economic growth is not economic development but economic development cannot be achieved without economic growth. Explain (6 marks)
- c) Explain two key tools you learned from the arguments of Keynes (6 marks)
- d) Given the following information of Kenya, answer the question below:
Consumption ksh 30,000; gross investment ksh 40,000. Government spending ksh 20,000; exports ksh 70,000; imports ksh 60,000; taxes ksh 5,000; subsidies ksh 1,000; property income from abroad ksh 1,000; and income earned on foreign nationals domestically ksh 500.
Calculate GDP and GNP for Kenya (6 marks)
- e) Explain two strategies of economic development (6 marks)

QUESTION TWO (20 MARKS)

- a) As long as the backbone of Kenya's economy is agriculture, it will be very difficult for the country to achieve an upper middle income status and create employment for its youth.
Discuss (12 marks)
- b) Explain four advantages of gross domestic product as a measure of economic development (8 marks)

QUESTION THREE (20 MARKS)

- a) Explain five objectives of economic development (10 marks)
- b) Use the information in the table to calculate national income for all the years (10 marks)

	2010	2011	2012	2013	2014
GDP at current prices	200	220	240	300	320
GDP deflator	100	109	125	149	154

QUESTION FOUR (20 MARKS)

Discuss the arguments of the following person on economic growth and development

- a) Adam Smith (5 marks)
- b) Karl Marx (5 marks)
- c) Solow (5 marks)
- d) Malthus (5 marks)

QUESTION FIVE (20 MARKS)

- a) Explain four characteristics of a less developed country (12 marks)
- b) Explain two targets that Kenya's Big Four agenda intends to accomplish (8 marks)