# MACHAKOS UNIVERSITY

**University Examinations for 2018/2019 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**FOURTH YEAR SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF ECONOMICS & FINANCE**

**EAE 405: DEVELOPMENT PLANNING**

**DATE:** **TIME:**

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

| | Sector $I$ | Sector $II$ |
|---|---|---|
| Sector $I$ | 0.133 | 0.308 |
| Sector $II$ | 0.2 | 0.192 |
| Imports | 0.2 | 0.115 |
| Primary Inputs | 0.467 | 0.385 |
| Total | 1.00 | 1.00 |

b) Discuss the components of indicative planning procedures (5 marks)

c) Describe aspects of project analysis and selection (8 marks)

d) Discuss and compare the centralized planning in former USSR and decentralized planning in Kenya currently (7 marks)

**QUESTION TWO (20 MARKS)**

a) Discuss the drawback of socio-economic integration in Kenya (5 marks)

b) Explain the basic assumption of input-output model (7 marks)

c) Discuss the cost-benefit analysis as a planning technique on project based planning (8 marks)

**QUESTION THREE (20 MARKS)**

a) Describe aspects of project analysis and selection (8 marks)

b) Describe the shortcoming of input-output analysis (8 marks)

c) Discuss merits and demerits of fixed plans in development planning (4 marks)

**QUESTION FOUR (20 MARKS)**

a) Describe the steps in project cycle in Kenya (8 marks)

b) Discuss the causes of failure in planning for economic development (7 marks)

c) Discuss the cost-benefit analysis as a planning technique on project based planning (5 marks)

**QUESTION FIVE (20 MARKS)**

a) Discus the limitations of cost-benefits analysis (6 marks)

b) Discuss the challenges Kenya is facing in implementation of constitution 2010 (6 marks)

c) Define the following terms (8 marks)

i) Project

ii) plan

iii) investment